Notice of Meeting and Agenda
Audit, Risk and Scrutiny Board

Date	Time	Venue
Monday, 13 June 2022	10:00	Council Chamber & on Teams Platform,

MARK CONAGHAN
Head of Corporate Governance

Membership

Councillor Chris Gilmour: Councillor John Gray: Councillor John Hood: Councillor Robert Innes: Councillor James MacLaren:

Councillor Andy Doig (Convener):   Councillor Kevin Montgomery (Depute Convener):

Webcasting of Meeting

This meeting will be filmed for live or subsequent broadcast via the Council's internet site – at the start of the meeting the Convener will confirm if all or part of the meeting is being filmed. To find the webcast please navigate to

https://renfrewshire.public-i.tv/core/portal/home

Hybrid Meeting

Please note that this meeting is scheduled to be held in the Council Chambers. However, it is a hybrid meeting and arrangements have been made for members to join the meeting remotely should they wish.

Members of the Press and Public

Members of the press and public wishing to attend the meeting should report to the customer service centre where they will be met and directed to the meeting.

Apologies

Apologies from members.

Declarations of Interest

Members are asked to declare an interest in any item(s) on the agenda and to provide a brief explanation of the nature of the interest.

AUDIT

MONITORING & REVIEWING SERVICE DELIVERY PERFORMANCE POLICIES AND PRACTICE

Report by Chief Executive.

Report by Director of Finance & Resources.

Report by Chief Executive.

AUDIT

EXCLUSION OF PRESS AND PUBLIC

The Board may by resolution exclude the press and public from the meeting during consideration of the following items of business as it is likely, in view of the nature of the business to be transacted, that if members of the press and public are present, there could be disclosure to them of exempt information as defined in paragraphs 1 of Part I of Schedule 7A of the Local Government (Scotland) Act, 1973.

Exempt Item

Exempt documents are no longer available in print format. You will require to log in to Audit, Risk & Scrutiny Exempt Items to access documents. Please note that access to exempt documents is now restricted.

To: **Audit, Risk and Scrutiny Board**

On: **13 June 2022**

Report by: **Chief Auditor**

Heading: **Development Programme for Audit, Risk and Scrutiny Board Members**

1. **Summary**

1.1   The national guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the implementation of Audit Committee Principles in Scottish Local Authorities recommends that training on audit and risk related matters is provided to members of the Audit, Risk and Scrutiny Board.

1.2   Attached at Appendix 1 is the proposed programme of development briefings, which would be delivered at Board Meetings throughout the year. Appendix 2 is the current briefing on the "Role of Audit Committee".

2. **Recommendations**

2.1   Members are asked to approve the programme of development briefings and note the content of the current briefing.

Implications of the Report

1.   **Financial** - None

2.   **HR & Organisational Development** - None

3.   **Community Planning –**
        Safer and Stronger – an effective audit committee is an important element of good corporate governance.

4.   **Legal** - None

5.   **Property/Assets** - None

6.   **Information Technology** - None

7.   **Equality & Human Rights** - None

8.   **Health & Safety** – None

9.   **Procurement** - None

10.   **Risk -** training for elected members on audit and risk-related matters reflects audit committee principles

11.   **Privacy Impact** – None

12.   **COSLA Implications** – None

13.   **Climate Risk** - None

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Author: Karen Campbell 07768354651

Development Programme

Date	Topic
June 2022	Role of Audit Committee
tbc	Role of Internal Audit
tbc	Risk Management Arrangements

Briefing for Audit, Risk and Scrutiny Board Members

Role of the Audit Committee

13 June 2022

Renfrewshire Council

Overarching Governance Arrangements

- Good Practice for a local authority to establish an audit committee

- Local authority should determine the arrangements which best suit its circumstance

➤ Audit, Risk and Scrutiny Board

Audit Committee Principles

Principal 1
- **The Control Environment**
- Independent assurance of the adequacy of the risk management framework and the associated control environment within the authority

Principal 2
- **Risk Related Performance**
- Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment

Principal 3
- **Annual Accounts and the External Auditor**
- Assurance that any issues arising from the process of drawing up, auditing and certifying the authority's annual accounts are properly dealt with.

Renfrewshire Council

High Level Objectives

➢ Concerned with governance, risk and control across the Council

➢ Focus on controls that protect against the highest risks

➢ Gain assurance that the critical risks are being managed appropriately

➢ Should be satisfied that the work of InternalAudit is properly focussed

Renfrewshire
Council

Risk Related Performance

➢ Effectiveness of the corporate risk assessment process

➢ Significant risk related performance issues raised by auditors/inspectors

➢ Implementation of improvement action plans

Renfrewshire
Council

The Control Environment

- ➢ Approval of the annual internal audit plan
- ➢ Monitoring achievement of the internal audit plan
- ➢ Review of summary findings, main issues and implementation of recommendations
- ➢ Audit risk assessment has been carried out
- ➢ Annual Report and assurance statement
- ➢ Relationship between internal audit, external audit and inspection agencies
- ➢ Promote the value of the audit process

Renfrewshire
Council

Annual Accounts and the External Auditor

- ➢ Audit certificate and consideration of matters arising

- ➢ Annual report to members

- ➢ Implementation of agreed action plans

- ➢ External audit reports, main issues and implementation of recommendations

Renfrewshire Council

Administration

- ➢ Formally constituted committee, reporting to council
- ➢ Terms of reference
- ➢ Political balance
- ➢ Training and development
- ➢ Timely agenda and papers
- ➢ Attended by internal and external audit

Members of the Audit Committee

➢ Good understanding of the council as a whole

➢ Good understanding of internal control

➢ Objective and independent of mind

➢ Mix of skills (including financial expertise)

➢ Participate in development sessions

➢ Challenging and seek assurance

Renfrewshire
Council

Benefits of Effective Audit Committees

➢ Raising awareness of internal control

➢ Public confidence in financial and other reporting

➢ Reinforce the importance and independence of internal and external audit

➢ Provide additional assurance through objective and independent review

➢ Reduce the risk of illegal or improper acts

Renfrewshire Council

Questions?

Renfrewshire Council

To: Audit, Risk and Scrutiny Board

On: 13 June 2022

Report by: Chief Auditor

Heading: Summary of Internal Audit Reports for period 01 January to 20 May 2022

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1.   **Summary**

1.1   In line with the Public Sector Internal Audit Standards, Internal Audit must communicate the results of each engagement to the Board. To comply with this requirement Internal Audit submits regular reports on the findings and conclusions of audit engagements to the Audit, Risk and Scrutiny Board.

1.2   Appendix 1 provides details those audit engagements completed during the period 01 January to 20 May 2022 with the overall assurance rating and the number of recommendations in each risk category. The committee summary for each report is also attached. For each audit assignment where recommendations have been made, the relevant managers have put action plans in place to address the issues raised.

1.3   In addition to the reports listed in the Appendix, Internal Audit has an ongoing commitment to:

- A range of corporate and service initiatives;
- Progressing of information security matters in partnership with ICT and Legal Services;
- The regular provision of advice to departmental officers;
- The provision of internal audit services to the associated bodies for which Renfrewshire Council is the lead authority and to Renfrewshire Leisure Ltd and Renfrewshire Health and Social Care Integrated Joint Board;

- Co-ordination of the Council's corporate risk management activity;
- Management of the counter fraud team;
- Management of the risk management and insurance team.

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2.   **Recommendations**

2.1   Members are invited to consider and note the Summary of Internal Audit Reports finalised during the period from 01 January to 20 May 2022.

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Implications of the Report

1.   **Financial** - None

2.   **HR & Organisational Development** - None

3.   **Community Planning –**
      Safer and Stronger - effective internal audit is an important element of good corporate governance.

4.   **Legal** - None

5.   **Property/Assets** - None

6.   **Information Technology** - None

7.   **Equality & Human Rights** – None

8.   **Health & Safety** – None

9.   **Procurement** - None

10.   **Risk** - The summary reported relates to the delivery of the risk-based internal audit plan.

11.   **Privacy Impact** – None

12.   **COSLA Implications** – None

13.   **Climate Risk** - None

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Author: Karen Campbell – 07768354651

Appendix 1

Renfrewshire Council

Internal Audit Service

Update for Audit, Risk and Scrutiny Board

Final Audit Reports issued from 01 January – 20 May 2022

Category	Service	Engagement	Assurance Rating	Recommendation Ratings			
				Critical	**Important**	**Good Practice**	**Service Improvement**
Assurance	Corporate	Supporting Attendance	Reasonable	0	1	0	0
		Use of Purchase Cards	Limited	3	6	2	1
	Children's Services	Childrens Houses – Cash Payments	Reasonable	0	1	3	0
	Finance & Resources	Budgetary Controls	Substantial	0	0	2	0
	Communities & Housing Services	Void Properties	Reasonable	0	1	1	0
Contingency	Finance & Resources	Electronic Payments	Reasonable	0	2	3	0
	Environment & Infrastructure	School Cleaning & PVG Checks	Reasonable	2	3	3	0

Note 1 – No assurance rating can be given in respect of investigation assignments

Assurance Level	
Substantial Assurance	• There is a sound system of internal control designed to achieve the objectives of the area being reviewed. • The control processes tested are being consistently applied.
Reasonable Assurance	• The internal control processes are generally satisfactory with some areas of weakness being identified that could put some objectives of the area being reviewed at risk • There is evidence that the level of non-compliance with some of the control processes may put some of the objectives of the area being reviewed at risk.
Limited Assurance	• Weaknesses in the system of internal controls are such as to put the objectives of the area being reviewed at risk. • The level of non-compliance puts the objectives of the area being reviewed at risk.
No Assurance	• Control processes are generally weak with significant risk to the achievement of the objectives of the area being reviewed. • Significant non-compliance with control processes leaves the processes/systems open to error or abuse.

Recommendation Rating	
Service Improvement	Implementation will improve the efficiency / housekeeping of the area under review.
Good Practice	Implementation will contribute to the general effectiveness of control.
Important	Implementation will raise the level of assurance provided by the control system to acceptable levels.
Critical	Addresses a significant risk, impacting on the objectives of the area under review.

Internal Audit Report
CORPORATE
Supporting Attendance (A0038/2021/001)

Date: March 2022

COMMITTEE SUMMARY

Audit Objectives
The objectives of the audit were to: - 1. Ascertain the availability, accessibility and quality of information available to management (at all levels) to enable them to adequately monitor sickness absences; 2. Identify and evaluate the level of sickness absence monitoring currently in place for adequacy; 3. Ensure that management have adequate information to enable them to ensure that the supporting attendance policy is being followed; 4. Establish the process for recording COVID-19 related absences and ensure that these processes are being complied with in terms of accuracy and timeliness of recording.

Audit Scope
The following work was carried out: 1. Interviewed staff within Children's Services and Communities & Housing, to obtain details of all current processes and available information / documentation. 2. Prepared and carried out a programme of tests covering the areas outlined above.

Key Audit Assurances
1. The level of sickness absence monitoring in place was found to be adequate. 2. The availability, accessibility and quality of information available to management to enable them to adequately monitor sickness absences was found to be adequate. 3. Management, at all levels, have adequate information through Business World, or provided to them by Human Resources upon request, to enable them to ensure that the supporting attendance policy is being followed. 4. The process for recording COVID-19 related absences is being complied with in terms of accuracy and timeliness of recording.

Key Audit Risks
Currently, not all sections within the council have been trained to carry out their absence management in a way that is compatible with the Business World system, for logging and viewing their unplanned absences. In the meantime, they are relying on the Time & Attendance team to provide and record this absence information on their behalf, which places pressure on Finance & Resources staff.

Overall Audit Opinion
The audit review identified that, the level of sickness absence monitoring in place was found to be adequate and that management are provided with adequate information that should enable them to ensure that the supporting attendance policy is being followed. A provision of reasonable assurance has been made, with one recommendation being made in relation to training.

Management Commentary
The planned rollout of unplanned absence training for the teams not currently live has been delayed due to Covid-19 and is now being progressed.

Internal Audit Report
CORPORATE
Use of Purchase Cards (C0041/2021/010)

Date: February 2022

COMMITTEE SUMMARY

Audit Objectives
The objectives of the audit were to ensure that: -   1. The spend is in line with the Corporate Purchasing Card Guidelines in terms of:-   • transaction thresholds.   • PCards are not used to purchase ICT goods or services.   • there is no preferred method of purchasing already in place for the service/goods.   • deliveries to non-council addresses are justified and have been authorised.   2. Purchases made are being recorded on the card holder logs and supported by authorised requisitions.   3. Authorising officers are authorising transactions timeously.   4. For any goods and services purchased regularly using the Pcard, consideration had been given to whether best value would be achieved by establishing contracts with these suppliers.

Audit Scope
The following work was carried out: 1. Details of current procurement contracts in place were obtained and reviewed.   2. Sample testing was carried out on Pcard transactions to meet the audit objectives.   3. Pcard logs and supporting documentation were examined as appropriate.

Key Audit Assurances
1. Frequent transactions are in the main below £499.99 and transactions between £500.00 and £1,999.99 are for one off purchases, in line with the Pcard procedures.

Key Audit Risks
1. There may be security/compatibility implications if Pcards are used to purchase ICT goods and services that do not have prior approval from ICT services.   2. There is a lack of transparency when large invoices are part paid by several different Pcard holders to be below individual or monthly transaction thresholds.   3. Budget holders will be unable to manage forecast spend if Pcard transactions are not approved timeously and committed spend is not shown in the financial ledger.

Internal Audit Report
CORPORATE
Use of Purchase Cards (C0041/2021/010)

Date: February 2022

Overall Audit Opinion
Whilst there are adequate procedures in place covering the purchase of goods with Pcards, issues were identified regarding compliance with areas of these procedures such as the purchase of ICT goods without prior ICT approval, large value invoices being paid over multiple transactions and many card holders having individual transaction limits of more than £2,000. The audit also identified many transactions that were not approved timeously which resulted in committed spend not being recorded in the financial ledger. It was noted that the audit covered financial year 20/21 when working practices were affected by covid, however it is still expected that procedures in place should be adhered to and any exemptions to this are approved by Management and evidenced in backup paperwork. Recommendations were made to address the weaknesses identified and once implemented these should strengthen the controls in place and provide a greater robustness in the process.

Management Commentary
The Internal Audit Recommendations are currently being actioned. An email has been sent to all Purchase Card Holders and approvers to reiterate that the PCard Policy and Procedures are to be adhered to. We also plan to take a series of reviews to ensure the Policies are being followed. With regards to the individual/monthly transaction thresholds, especially throughout the period of the pandemic there were various PCard holders whose limits are outwith normal practise for operational reasons and these will be reviewed within the next 3 months.

Internal Audit Report
Childrens Services

Childrens Houses - Cash Payments (A0096/2022/001)

Date: January 2022

COMMITTEE SUMMARY

Audit Objectives
The objectives of the audit were to: -   1. Analyse the amount of cash payments by type of expenditure and by location.   2. Ascertain the reasons for cash payments being made rather than bank payments or other methods.   3. Assess whether cash payment is the only reasonable method, or if some types of expenditure could be facilitated by an alternative method.   4. Assess for a sample of establishments/offices that any cash imprests held are at a reasonable level for the value of payments made.   5. Confirm for a sample of cash payments that they have been adequately controlled and authorised per the procedures.

Audit Scope
The following work was carried out: 1. Ascertained the process for obtaining and disbursing all cash payments for social care purposes within Children's Services.   2. Prepared and undertook a series of tests to meet the audit objectives.

Key Audit Assurances
1. Satisfactory reasons for cash payments being made rather than bank payments or other methods were obtained from House Managers.

Key Audit Risks
1. A number of cash payment vouchers were not appropriately authorised or fully completed.

Overall Audit Opinion
The audit review highlighted that there is a risk associated with petty cash expenditure authorisation and the manner in which the petty cash vouchers are completed. In addition, the auditor noted minor issues in relation to types of cash expenditure and cash levels held. The auditor has made recommendations which will address these points. A reasonable level of assurance has been provided for the area reviewed.

Management Commentary
Management are implementing the audit recommendations and have reminded their establishment managers that petty cash vouchers must be correctly completed and authorised.

Internal Audit Report
Finance & Resources
Budgetary Controls (A0033/2021/001)

Date: April 2022

COMMITTEE SUMMARY

Audit Objectives
The objectives of the audit were to ensure that: -   1. There are adequately documented procedures available to accounting staff and budget holders on the budget monitoring procedures to be followed;   2. Roles and responsibilities are clear for accounting staff and budget holders and budget holders have been appropriately identified across all services;   3. Monitoring templates being used are consistent across all services;   4. Budget holders are getting the information they require on a timely basis and in an accessible way;   5. Regular budget meetings are being held with budget holders and actions arising are documented with evidence of timely completion.

Audit Scope
1. Interviewed the appropriate staff and ascertained the processes in place for budgetary control.   2. Prepared and undertook a series of tests to evaluate the operation of procedures in practice.

Key Audit Assurances
1. Roles and responsibilities are clear for accounting staff and budget holders have been appropriately identified across all services.   2. Monitoring templates being used are consistent across all services tested.   3. Budget holders are getting the information they require on a timely basis and in an accessible way.   4. For the departments tested, accounting staff hold regular budget meetings with budget holders and action owners are identified.

Key Audit Risks
1. There were no key risks identified during the audit.

Overall Audit Opinion
The audit has identified that there are clear budgetary control roles and responsibilities for accounting staff and budget holders. Budget holders get the information they need from accounting staff. The main findings from the review were in relation to having formal procedures i.e. an updated Budget Holders Manual and council specific budget monitoring procedures for accountants.

Management Commentary
No key risks were identified; however, an updated Budget Holders' Manual has now been published on the intranet and communicated to relevant staff.

Internal Audit Report
Communities & Housing
Void Properties (A0043/2022/001)

Date: April 2022

COMMITTEE SUMMARY

Audit Objectives
The objectives of the audit were to ensure that: - 1. Adequate documented procedures exist detailing the content of void property inspections; 2. Processes to obtain notification of empty properties are adequate and timely to minimise the delayed turn around time on a property, and all appropriate parties are informed; 3. Void property inspections are undertaken timeously and are adequately documented and repair actions are initiated; 4. Repairs to the property are instructed and performed promptly and post inspected prior to completion of the re-occupation certificate. 5. Key performance indicator information is captured, reported and/or acted upon.

Audit Scope
The following work was carried out: 1. Interviewed the appropriate staff to understand the current systems in place regarding the turnaround of void properties. 2. Prepared and undertook a programme of tests covering the areas above.

Key Audit Assurances
1. There are adequate documented processes in place detailing the content of void property inspections. 2. Timely processes are in place to obtain notification of empty properties, minimise turn around and inform appropriate parties. 3. Void property inspections are undertaken timeously and are adequately documented prior to repair actions being initiated. 4. Key performance indicator information is adequately reported on.

Key Audit Risks
1. Where difficulties arise in repairing and allocating properties, this leads to delays in the properties being relet and therefore a reduction in rental income.

Overall Audit Opinion
The audit has identified that there are timely processes in place to minimise turn around of void properties and that general repairs are instructed, performed promptly and post inspected prior to properties being available for reoccupation. However, delays were identified in the time taken to relet properties. While we acknowledge that this was significantly impacted by the covid pandemic we have recommended Housing Services should review processes to determine if the time taken to offer and allocate a property to a new tenant after repairs have been completed can be reduced.

Management Commentary
The impact of the pandemic on resources have led to increasing timescales for the relet of properties. Action has been taken to assist in reducing turnaround times and any further opportunities to improve timescales will be investigated and implemented if feasible.

Internal Audit Report
Communities & Housing
Void Properties (A0043/2022/001)

Date: April 2022

Internal Audit Report

CORPORATE
Children's Services - Electronic Payments (C0041/2022/005)

Date: January 2022

COMMITTEE SUMMARY

Audit Objectives
The objectives of the audit were to: - 1. Ascertain and review the processes and controls in place surrounding electronic payments made through locality teams. 2. Analyse a sample of payments to assess the level of compliance with procedures and to establish if the correct and most effective method of payment has been selected. 3. Ascertain and review the accounting process in place to ensure that payments and charges are recorded accurately and correctly.

Audit Scope
The following work was carried out: 1. Ascertained the process for making electronic payments for social care purposes within Children's Services. 2. Prepared and undertook a series of tests to meet the audit objectives.

Key Audit Assurances
1. There are process notes in place surrounding electronic payments requested by the locality teams. 2. Payment methods selected were the correct and most effective.

Key Audit Risks
1. Payment Requests could be processed without being properly authorised. 2. Payments and charges are not always being recorded accurately and timeously in the ledger.

Overall Audit Opinion
The process to facilitate electronic payments within Children's Services was introduced quickly because of the Covid pandemic. The audit review identified some issues in relation to processes, controls and recording of payment information. The auditor has made recommendations to address these issues. A provision of reasonable assurance has been made in relation to the areas under review.

Management Commentary
This process was introduced quickly to ensure payments were made during the pandemic. Procedures have now been strengthened with regards to authorisation and PayPoint journals are now completed each period.

Internal Audit Report
Environment & Infrastructure Services
School Cleaning & PVG Checks (C0041/2022/006)
Date: May 2022

COMMITTEE SUMMARY

Audit Objectives
The Council, agreed the following motion: *"In light of press allegations and concerns raised by parents, council agrees to hold an inquiry regarding the causes of the lack of cleanliness in our schools and the employment of labour without the proper PVG clearance".* Following discussion with the Director of Environment & Infrastructure, it was agreed that Internal Audit would conduct an independent review to evaluate: 1. the arrangements in place regarding maintaining cleanliness in schools and; 2. the arrangements that are in place for PVG checks to be undertaken where appropriate, prior to deployment within the school environment. 3. the circumstances leading to the negative press reports and provide assurances or make appropriate recommendations that the arrangements are robust moving forward.

Audit Scope
The following work was carried out: 1. Interview the appropriate officers to ascertain the circumstances relating to the press reports relating to both the cleanliness in schools and the lack of PVG checks. Identify what lessons have been learned and how are these being taken forward. 2. Liaise with Disclosure Scotland to determine whether day cleaners actually meet the definition of regulated work and ensure our current procedures comply with the legal requirements. 3. Visit some schools to consider any documented cleaning standards and what procedures are in place to assist cleaners, establishment responsible officers and cleaning supervisors to uphold these standards. Consider whether there are checklists etc in place. 4. Review training records for a sample of cleaning staff and confirm that training has been provided and training records have been updated. 5. Review the most recent BICS audits, consider if there are action plans in place and whether these are progressing as expected and being monitored. 6. Review the timetable of BICS audits and consider whether we would recommend an escalation of this timetable.

Key Audit Assurances
As soon as it was brought to management's attention, that Contract Staff had not been PVG checked, they were immediately taken off day cleaning duties until such times as this check had been completed.

Internal Audit Report
Environment & Infrastructure Services
School Cleaning & PVG Checks (C0041/2022/006)
Date: May 2022

Key Audit Findings
1. During the period of severe staffing issues, it could not be confirmed which staff members were at certain locations during each shift.
2. Training for the new facilities roles were in the early stages of implementation at the time of this review.
3. The planning process of the BICS Cleaning Audits requires to be enhanced to ensure the service is achieving the maximum benefit from this assurance tool.

Overall Audit Opinion
It is evident that during the period in question, the facilities management service were under severe pressure to provide an enhanced cleaning regime in order to enable schools to remain open when they had significant staff shortages due to vacancies and unplanned absence. The new staffing model also had to be implemented during this time. All available options were utilised to increase capacity within the service as soon as possible to try and alleviate the pressures and this has led to the PVG clearance oversight for a group of contract staff who normally would not come into contact with children. With regards to the standards of cleanliness in schools, the new staffing model at the time of the review was still being embedded in and we have made some recommendations to further enhance the management controls in operation to ensure the standards of cleanliness are maintained at a satisfactory level.

Management Commentary
The Contractor who provides contract cleaning staff to the Council is now a registered countersignatory for Disclosure Scotland and provide a weekly report to the Council, confirming the PVG Status of all staff. With regards to the recommendations made to enhance the management controls over the standards of cleanliness in schools, these have all been progressed.

To: **Audit, Risk and Scrutiny Board**

On: **13 June 2022**

Report by: **Chief Auditor**

Heading: **Summary of Outstanding Internal Audit Recommendations**

1.   **Summary**

1.1   On 18 March 2018, the Chief Auditor presented a report to the Board stating that there was an opportunity to enhance the escalation procedures for audit recommendations where agreed actions have not been effectively implemented by the date agreed. One of the recommendations was that details of outstanding critical recommendations will be provided to the Board.

1.2   This report therefore provides the updated position of those critical recommendations that have been followed up during 2021/22 and have not yet been fully implemented by service management.

2.   **Recommendations**

2.1   Members are invited to note the position with regard to these outstanding recommendations.

3.   **Background**

3.1   Internal Audit undertake an annual exercise to ensure that recommendations arising from internal audit engagements have been implemented by service management. The results of this exercise have been reported to service management on conclusion of the exercise and also to this Board as part of the

Chief Auditor's Annual Report. All critical recommendations which have been made and have reached their due date for implementation, by the date of commencement of this exercise, are included in this follow up exercise and services are asked to provide evidence to demonstrate that each of these recommendations have been implemented.

3.2 The table below shows the total and status of all critical recommendations which were followed up during this exercise across Council services. 19 of these have been implemented satisfactorily.

Service	No of Critical Recommendations				
	Followed Up	Completed	Part completed	Not Yet Implemented	Redundant /superseded
Children's Services	1	1	0	0	0
Environment & Infrastructure	10	10	0	0	0
Adult Services	2	2	0	0	0
Finance & Resources	9	6	3	0	0
	22	19	3	0	0

3.3 The outstanding recommendations within Finance and Resources were part complete at the time of the exercise and revised implementation dates have been provided. These recommendations are detailed in Appendix 1, along with the latest response received from Service Management. These will be followed up again by Internal Audit during 2022/23.

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Implications of the Report

1. **Financial** - None

2. **HR & Organisational Development** - None

3. **Community Planning –**
   Safer and Stronger - effective internal audit is an important element of good corporate governance.

4. **Legal** - None

5. **Property/Assets** - None

6. **Information Technology** - None

7.   **Equality & Human Rights** – None

8.   **Health & Safety** – None

9.   **Procurement** - None

10**.**   **Risk** – Non implementation of critical audit recommendations results in internal control weaknesses not being addressed

11.   **Privacy Impact** – None

12.   **COSLA Implications** - None

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Author: Karen Campbell – 07768 354651

Appendix 1

Service	Assignment	Recommendation	Original Due Date	Status	Management Response at Follow Up Exercise	Revised Date
Finance & Resources	Health & Safety	A review of the arrangements for monitoring and reporting on performance should be included within the overall review of governance. Specifically, the arrangements for service and corporate reporting to Boards, oversight of service reporting by the CHST and the development of KPIs.	31/03/18	Part Complete	The KPIs for the H&S team will be revised and agreed with the director (the original KPIs were included as part of the health and wellbeing strategy 2019 – 2022, however the pandemic has really changed our priorities). Due to the ongoing support of the Council's recovery plan, work has been delayed, however the intention is to have them agreed with the director and commencing by 1 April 2022.	01/04/2022
	Software Licensing	a) Performance and Asset Management should liaise with the necessary teams involved in the software management life cycle so that clearly defined processes can be established and where relevant the addition, amendment or removal of software is adequately communicated	31/12/18	Part Complete	The corporate software license management continues to be in a business-as-usual position. It is a fluid environment therefore the monthly reports continue to report our compliance and non-compliance positions which we work closely with services to resolve.	31/12/2021

Service	Assignment	Recommendation	Original Due Date	Status	Management Response at Follow Up Exercise	Revised Date
		to the teams responsible for managing software. Once processes have been defined and agreed, clearly documented procedures should be drafted outlining the governance arrangements in place, e.g. the roles and responsibilities of each party, the channels of communication, monitoring processes etc. b) Whilst documenting the procedures, management should consider its policy on the use of cloud-based applications to reduce the likelihood of shadow IT.			For Education we are working with the BRM team who regularly liaise with Education to agree a BAU process in line with our corporate model in order to achieve software compliance across the service.	
	Building Services Processes	Finance management should ensure that roles, responsibilities and accountabilities are reviewed and clearly communicated to the employees involved. Roles and responsibilities need to be established that prevent conflicts of interest arising between responsibility for operational performance and financial monitoring and oversight. As part of the review, it is recommended that skills and capacity are reviewed to ensure that the Business Partner model is fit for purpose within Environment & Infrastructure Services.	30/08/20	Part Complete	Roles and responsibilities clarified and revised budget monitoring processes put in place. FBP model is being considered as part of the wider review of the finance function taking place over 2021/22.	31/03/2022

To: **Audit, Risk and Scrutiny Board**

On: **13 June 2022**

Report by: Chief Auditor

Heading: **Internal Audit Annual Report 2021 - 2022**

1. **Summary**

1.1 The Public Sector Internal Audit Standards require the Chief Auditor to prepare a report, at least annually, to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan.

1.2 The annual report must also provide an annual audit opinion on the overall adequacy and effectiveness of the Council's internal control environment and include details of any significant risk exposures and control issues, including fraud risks, governance issues, and other matters that can be used to inform the governance statement.

1.3 The Annual Report for 2021-22 is attached and outlines the role of Internal Audit, the performance of Internal Audit, the strategic and operational issues which influenced the nature of the work carried out, the key audit findings, and contains the annual audit assurance statement.

2. **Recommendations**

2.1 Members are invited to consider and note the contents of the Annual Report.

Implications of the Report

1.   **Financial** - None

2.   **HR & Organisational Development** - None

3.   **Community Planning –**
        Safer and Stronger - effective internal audit is an important element of good corporate governance.

4.   **Legal** - None

5.   **Property/Assets** - None

6.   **Information Technology** - None

7.   **Equality & Human Rights** – None

8.   **Health & Safety** – None

9.   **Procurement** - None

10**.**   **Risk** - The summary reported relates to the delivery of the risk-based internal audit plan.

11.   **Privacy Impact** – None

12.   **COSLA Implications** – None

13.   **Climate Risk** - None

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Author Karen Campbell – 07768354651

Annual Report
2021-2022

**Renfrewshire Council
Internal Audit**

May 2022

Renfrewshire Council

Internal Audit Annual Report 2021/2022

Contents

Renfrewshire Council
Internal Audit Annual Report
1 April 2021 – 31 March 2022

1. Introduction

1.1 Internal Audit is an independent and objective assurance and consulting activity designed to add value and improve the operations of Renfrewshire Council. It assists Renfrewshire Council in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control, and governance processes.

1.2 The Chief Auditor reports functionally to the Audit, Risk and Scrutiny Board and administratively (i.e. day to day operations) to the Director of Finance and Resources. In accordance with the principles of good corporate governance, regular reports on internal audit work and performance are presented to the Audit, Risk and Scrutiny Board.

1.3 The purpose, authority and responsibility of the internal audit activity is defined in the internal audit charter, approved by the Audit, Risk and Scrutiny Board; and provides that the Chief Auditor has independent responsibility for the conduct, format and reporting of all internal audit activity and findings.

1.4 The service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The Standards define the basic principles for carrying out internal audit. They establish the framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations.

1.5 The Standards require the Chief Auditor to prepare a report, at least annually, to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. The annual report must also provide an annual audit opinion, on the overall adequacy and effectiveness of the Council's internal control environment. It must include details of any significant risk exposures and control issues, including fraud risks, governance issues, and other matters that can be used to inform the governance statement.

1.6 The aim of this report is to provide an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control and provide a summary of the work undertaken during the year to support that opinion. The report also provides details of the performance of the internal audit service during the past year, and the results of the quality assurance and improvement programme.

1.7 In addition to the work carried out in relation to council services, we also provide an internal audit service to the following organisations:

- OneRen
- Renfrewshire Valuation Joint Board
- Scotland Excel
- Clydeplan
- Renfrewshire Health and Social Care Partnership – Integration Joint Board

1.8 The outcome of the audit assignments undertaken for these organisations is reported separately as part of their annual report which also contains an assurance statement to their Boards.

2. Responsibilities of Management and Internal Audit

2.1 It is the responsibility of the Council's managers to ensure that the management of the areas under their control is adequate and effective and that their services have a sound system of internal control which facilitates the effective exercise of the organisation's functions and which includes arrangements for the management of risk.

2.2 Internal audit is not a substitute for effective control exercised by management as part of their responsibilities. Internal audit's role is to independently assess the adequacy of the risk management, internal controls and governance arrangements put in place by management and to undertake sufficient work to evaluate and conclude on the adequacy of those controls for the period under review.

3. Internal Audit Activity during 2021/2022

3.1 The internal audit plan for 2021/2022 was approved by the Audit, Risk and Scrutiny Board on 22 March 2021. The plan was risk-based and took into account the outcomes of the service and corporate risk evaluation processes, any significant changes in council operations over the period, and the impact of developments in national policy and regulation. The plan also took into account key external audit reports including their Annual Audit Plan for the council.

3.2 The continued restrictions arising from the pandemic and the changing risk profile of the council and the reduction in resource for part of the year due to unplanned absence necessitated that the audit plan was kept under continuous review throughout the year. It should be noted the working environment throughout this year has led to some audits either requiring additional time from our contingency budget or taking a bit longer to complete. The planned review of administration of medicines in schools was deferred until 2022/23. In addition, at the request of Service Senior Management three further reviews were undertaken during the year and have been reported upon:-

    a) Billing, Collection and Accounting of Levies by the Council
    b) PVG Checks and Cleanliness in Schools
    c) Electronic Payments to Children Services Locations

3.3   All other planned work as detailed in the 2021/2022 audit plan has been undertaken or commenced and those assignments not finalised by 31 March 2022 have been prioritised in the first quarter of the current year.

3.4   Set out below are the significant risks which influenced the content of the plan and the nature of the work undertaken in recognition of these.

(1)   Financial Sustainability

The council is continuing to face significant financial pressures in the medium and long term. Consequently, the financial sustainability risk remains very high and continues to be subject to significant and regular scrutiny. The council's transformational change programme to deliver service delivery and savings recommenced during this year. Work undertaken during 2021/22 included:

- Reviews of budgetary controls across all services, council tax collection procedures and void processes were completed
- Planned reviews of overtime payments and creditor payment processing have commenced and will be completed early in the 2022/2023 audit year.

(2)   Economy

The coronavirus pandemic has resulted in significant challenges for businesses to remain as going concerns and for individuals to be financially sufficient during periods of self isolation.The Scottish Government has made funds available, which have been administered by the Council in the form of business grants and support payments to individuals. A review of the arrangements for paying and accounting for those business support grants was completed to ensure the controls in place were sufficient. Corporate Counter Fraud continued to undertake work in relation to potential and actual fraudulent grant activity and support payments and are continuing to liaise with the police on those cases where necessary.

(3)   Organisational Resilience

Business continuity planning is crucial to our ability to provide services, and those services are increasingly heavily reliant on digital systems. A review is therefore being undertaken to ensure services business continuity plans are sufficient and realistic in terms of recovery.

(4)   Asset Management

Physical assets of the Council required to be efficiently managed to avoid financial, physical and reputational risk for the council. During this year we reviewed Council's Winter Maintenance Procedures and also the safety checks in place in high rise housing stock. Reviews are currently ongoing on the controls in place over Streetscene equipment and to ensure that the required statutory inspections are being undertaken within Council Buildings.

(5)   Brexit

The Council continue to monitor the impact of Brexit and implement any required changes to our duties. As this work is ongoing no specific internal audit work was undertaken during the year.

3.5   In line with the council's procedures, instances of suspected theft, fraud or other irregularity are reported to internal audit. Depending on the nature of the allegations, they are investigated either by the internal audit service or by the Corporate Counter Fraud service. All referrals were evaluated and investigated as appropriate. Both Corporate Counter Fraud and Internal Audit undertook work in relation to potential and actual fraudulent grant activity and are continuing to liaise with the police on those cases referred to them.

3.6   During 2021/22, Internal Audit conducted a number of investigations in relation to employee conduct and service management has undertaken disciplinary procedures and strengthened internal controls where necessary.

3.7   The outcomes of all internal investigation reviews are reported to the Audit, Risk and Scrutiny Board.

3.8   The Corporate Counter Fraud team workload during 2021/22, involved mainly investigating matches identified by the national fraud initiative.

4.   Summary of Internal Audit Work

4.1   The internal audit team has been working on a hybrid basis, mainly from home. The team also provided advice and support where necessary to council services.

4.2   Appendix 1 details the assurances arising from the internal audit work carried out in line with the 2021/22 audit plan and from those 2020/21 assignments which were finalised during this year which supports the annual assurance statement. These include the conclusions in relation to the overall system of internal control, risk management and governance arrangements.

5.   Internal Audit Resources

5.1   For the year to 31 March 2022, the audit plan was based on an establishment of 6.00 full time equivalent employees plus 100 days to be provided from other service providers and a trainee. However, the actual staffing complement was reduced due to higher than anticipated unplanned absence and as a result of the Covid19 pandemic. No audit engagements were outsourced as was planned.

6.   Review of Internal Audit Activity

6.1   The Audit Plan for 2021/22 set out our risk-based plans across a range of audit categories, the results of which have been reported quarterly to Audit, Risk and

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Scrutiny Board. Table 1 below compares the actual days spent on each category of audit work against that planned for the year.

Table 1

Type of Audit	Planned Days	Actual Days	Variance	
			Days	%
Governance	81	52	(29)	(35%)
Assurance	428	332	(96)	(22%)
Contingency	344	336	(8)	(2%)
Audit Planning & Reporting	119	114	(5)	(4%)
Total Operational Days	**972**	**834**	**(138)**	**(14%)**
Training	62	33	(29)	(47%)
Strategic Management	22	6	(16)	(72%)
Team Administration	90	89	(1)	(1%)
Development	80	46	(34)	(42%)
Total Non-operational Days	**254**	**174**	**(80)**	**(31%)**
Gross Available Days	**1226**	**1008**	**(218)**	**(17%)**
Operational %	**79%**	**82.9%**		
Non-Audit – Including Management of Risk Management and Insurance and Corporate Counter Fraud including the co-ordination of NFI	107	110	3	3%

6.2 Material differences (over 20% and over 20 days) from the plan are explained below:

1) Governance

The planned review of administration of medicines in schools was deferred until 2022/23 due to the planned implementation of a revised policy.

2) Assurance

Due to the higher than planned absence levels, no work being outsourced and the level of contingency work, the completion of some 2021/22 assignments have been carried forward in 2022/23.

3) Training

Planned training activity did not take place due to Covid restrictions and home working arrangements. These are planned to go forward in 2022/23.

4) Strategic Management and Development

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As a result of the Covid Restrictions and unplanned absence levels, the external quality assessment of the internal audit service was delayed until 2022/2023.

7.   Quality Assurance and Improvement Activity

7.1   Internal audit measures performance against a range of measures set annually by the Director of Finance and Resources. The Audit, Risk and Scrutiny Board received quarterly reports on progress and performance during the year. Table 2 shows the actual performance against targeted performance for the year.

Table 2

Internal Audit Performance 2021/22

Performance measure	Target 2021/22	Actual 2021/22
% completion of audit plan for the year*	95%	92.1%
% engagements completed by target date	95%	98.4%
% engagements completed within time budget	95%	96.8%

*   this measures the completion percentage as at 31 March. 100% of the plan is ultimately delivered through the finalisation of the outstanding elements in the new financial year.

7.2   The percentage completion of the audit plan is slightly below the target set for the year. This was due to the level of unplanned leave. The actual performance for the year for the two other indicators, is above the target performance level.

7.3   The Chief Auditor is required to develop and maintain a quality assurance and improvement programme that covers all aspects of internal audit including conformance with the PSIAS. The review did not identify any areas of non-conformance that require to be addressed.

7.4   External Audit's review of the internal audit service concluded that overall the service operates in accordance with the PSIAS.

8.   Implementation of Audit Recommendations

8.1   During 2021/22, 150 recommendations were followed up, with 82% of all recommendations being completed. The implementation status of the recommendations across each service area is detailed in Table 3 below.

Table 3

Implementation of Audit Recommendations 2021/22

Service	No. Followed up	Complete	Partially Complete (new date)	Not Implemented (new date)	Redundant
Adult Services	8	7 (88%)	1 (12%)	0	0

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Chief Executive's	21	10 (47%)	9 (43%)	2 (10%)	0
Children's Services	12	9 (75%)	2 (17%)	1 (8%)	0
Environment & Infrastructure	38	37 (97%)	0	1 (3%)	0
Finance & Resources	67	56 (84%)	7 (10%)	2 (3%)	2 (3%)
Communities & Housing	4	4 (100%)	0	0	0
Total	**150**	**123 (82%)**	**19 (13%)**	**6 (4%)**	**2 (1%)**

9. Performance of Non-Audit Activities

9.1   Risk Management

The responsibility for co-ordinating risk management and insurance activity across the council lies with internal audit. Risk management performance is detailed in the risk management annual report.

9.2   Corporate Counter Fraud

The Corporate Counter Fraud team report to the Chief Auditor, during 2021/22 the team worked mainly from home. The aim of the team is to raise awareness to promote an anti-fraud culture and investigate instances of suspected fraud against the Council, such as council tax reduction fraud, tenancy fraud and other corporate fraud. Our working practices were revised in order to protect the health of residents and staff during the pandemic, including contacting individuals, where possible, by telephone or e-mail rather than face to face visits and this has worked well for cases with a lower monetary value. For cases, where it is possible that a referral could be made to the Procurator Fiscal, interviews under caution resumed during the year.

The joint working arrangements with the DWP in place to investigate potential high value fraud cases which involve both benefits payments and council tax reduction, recommended in the last quarter of the year.

Table 4

Corporate Counter Fraud Performance 2021/22	
Financial Outcomes	**2021/22 (£)**
Cash savings directly attributable to preventative counter fraud intervention (e.g business grants)	426,600.00
Cash recoveries in progress directly attributable to counter fraud investigations	181,281.59
Notional savings identified through counter fraud investigation, (e.g. housing tenancy and future council tax)	434,708.04

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Housing Benefit Savings identified through other counter fraud work or through joint working with the DWP	40,310.52
Non-Financial Outcomes	**2021/22**
Housing properties recovered	4
Housing applications amended/cancelled	10
Blue badge misuse warning letters issued	13

9.3   The National Fraud Initiative

The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise led by Audit Scotland and overseen by the Cabinet Office for the UK. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error.

Internal audit is responsible for the co-ordination of the exercise which is undertaken every second year. The Council's data, as required by the NFI, was submitted in October 2020, the resulting matches were received in January 2021 and investigation of those matches was progressed throughout this year by Corporate Fraud and Council Services. The final outcomes arising from the exercise will be subject to a separate report to the Audit, Risk and Scrutiny Board during 2022/23.

10. Audit Assurance Statement

10.1   Internal audit has performed its work in accordance with the role defined in paragraph 1.4. The audit work performed has been reported to senior managers and where areas for improvement in internal control have been identified appropriate recommendations have been made and accepted for action by management.

10.2   In view of the continued challenges common to all local authorities, the Council recognises the need to exercise very close scrutiny over financial management and compliance with overarching governance arrangements and will continue to take appropriate action to further strengthen control in these areas.

10.3   Internal audit contributes to the promotion of sound corporate governance in the Council. The scrutiny function within the council performed by the Audit Panel and the Audit, Scrutiny and Petitions Board further demonstrates strong commitment in this area.

10.4   It is not feasible for the system of internal control in the Council to be without any weakness. It is important to balance the risks involved in accepting systems limitations with the consequences if a problem emerges. Internal audit recognises this and assesses this in its reporting mechanism.

10.5 The audit plan is always intended to be flexible and contingency time was utilised to undertake additional work on areas of emerging risk. Additionally, the gross operational days were reduced by 14% due to unplanned absence and no audit engagements were outsourced as was planned due to the pandemic . In this context, it is considered that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control, risk management and governance arrangements, as evidenced by:-

(i)   the results of the planned audit work in 2021/22;
(ii)   the results of investigative work in 2021/22;
(iii)   management self assessment of internal control, risk management and governance arrangements;
(iv)   management action to respond to audit recommendations to mitigate the risks areas highlighted in this report;
(v)   the regular review of the Local Code of Corporate Governance.

Signed

Assistant Chief Auditor

Date   13 June 2022

Audit Engagement	Risk Area	Assurance Level	Conclusion
Payments to Care Homes	Assurance	**Reasonable**	• The audit has identified that financial assessments and payments to care homes were calculated correctly. However, it identified that signed payment schedules are not always being returned timeously by care homes and also that there was outstanding information which was delaying the completion of financial assessments.
Events Management	Assurance	**Reasonable**	• The events programme is adequately supported by appropriate event manuals which are based upon regulation and official published guidance. • Additionally, based on the information provided and the analysis of hours worked to ensure that events are delivered safely and successfully, it is clear that employees have been working excessive extra paid and unpaid hours to fulfil the events programme and this required to be addressed.
Document Solution Centre	Assurance	**Reasonable**	• The audit has identified that stock is held in a secure location and that DSC staff promoted use of their services to a number of specific service areas Consideration should be given to wider promotion of DSC services to all areas of the Council. • Some recommendations for improving the charging process and in relation to the procedure for apportioning the year end under/overspend were made.
Management of ICT Systems	Governance	**Reasonable**	• The audit review highlighted that there is an adequate system in place in relation to the centralisation of software applications backed by individual Support Models. Some annual reviews had not taken place timeously, however action has been taken to address this issue and a recommendation has been made to make the process more robust.
Business Support Grants	Assurance	**Substantial**	• Business grant payments were made in line with documented procedures. Roles and responsibilities for decision making, escalation and dispute resolution were

			clear. Grant costs were monitored and appropriately reported.
Memorial Safety	Assurance	**Limited**	• Procedures have been prepared for the inspection of memorials to ensure that unsafe memorials identified are properly dealt with to prevent accidents • It was a major concern that at the time of the audit review only around 4% of Renfrewshire memorials had been inspected in cemeteries. In addition, there were only 2 members of staff who were currently undertaking these inspections. Whilst it is acknowledged that memorial inspection work was interrupted by events as a result of the COVID 19 pandemic, it is vital that plans and resources were put in place to complete this exercise as soon as possible and management agreed to do this
Payroll	Assurance	**Reasonable**	• Although there is a Salary Adjustment Policy in place, recovery action does not always strictly comply with the policy and recommendations were made to strengthen controls in this area. • There are satisfactory arrangements in place to ensure that employees and managers are aware of their responsibilities in relation to payroll processing and salary overpayments. • The introduction of monthly overpayment reports to services to inform them of employee overpayments has enabled services to address any issues that may lead to further overpayments. A dedicated team has been established to concentrate on overpayment recoveries.
Capital Expenditure	Assurance	**Reasonable**	• Contracts were awarded only where there was sufficient capital funding available and the financial implications of the contracts awarded were fully detailed on Board reports. It was recommended that standardised business case templates should be used for all capital projects and Finance Business Partners should be more

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			involved in reviewing and challenging assumptions during capital projects
Levy Processes	Contingency	**Reasonable**	• The audit has identified that generally satisfactory arrangements are in place for the billing, collection and recording of the levy transactions. We have made recommendations mainly in respect of the refund process.
Supporting Attendance	Assurance	**Reasonable**	• The audit review identified that, the level of sickness absence monitoring in place was found to be adequate and that management are provided with adequate information to ensure that the supporting attendance policy is being followed. • One recommendation was made in relation to training.
Use of Purchase Cards	Assurance	**Limited**	• Whilst there were adequate procedures in place covering the purchase of goods with Pcards, issues were identified regarding compliance with areas of these procedures such as the purchase of ICT goods without prior ICT approval, large value invoices being paid over multiple transactions and many card holders having individual transaction limits of more than £2,000. • The audit also identified many transactions that were not approved timeously which resulted in committed spend not being recorded in the financial ledger. • It was noted that the audit covered the period when working practices were affected by covid, however it is still expected that procedures in place should be adhered to and any exemptions to this are approved by Management and evidenced in backup paperwork.
Childrens Houses Cash Payments	Assurance	**Reasonable**	• The audit highlighted that there is a risk associated with petty cash expenditure authorisation and the manner in which the petty cash vouchers are completed. In addition, the auditor noted minor issues in relation to types of cash expenditure and cash levels held.

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Children's Services Electronic Payments	Contingency	**Reasonable**	• The process to facilitate electronic payments within Children's Services was introduced quickly because of the Covid pandemic. The audit review identified some issues in relation to processes, controls and recording of payment information.
Budgetary Controls	Assurance	**Substantial**	• The audit identified that there were clear budgetary control roles and responsibilities for accounting staff and budget holders. Budget holders get the information they need from accounting staff. • The main findings from the review were in relation to having formal procedures i.e. an updated Budget Holders Manual and council specific budget monitoring procedures for accountants.
Non-Domestic Rates	Assurance	**Reasonable**	• The audit identified that satisfactory controls are in place for the billing and collection of NDR. However, the pandemic workload had led to delays in reinstating reviews of reliefs and the controls over refunds required to be strengthened.
Void Properties	Assurance	**Reasonable**	• The audit identified that there are timely processes in place to minimise turnaround of void properties and that general repairs are instructed, performed promptly and post inspected prior to properties being available for reoccupation. • Delays were identified in the time taken to relet properties. While we acknowledged that this was significantly impacted by the covid pandemic we have recommended processes should be reviewed to determine if the time taken allocate a property to a new tenant can be reduced
School Cleaning and PVG Checks	Assurance	**Reasonable**	• It is evident that during the period in question, facilities management were under severe pressure to provide an enhanced cleaning regime in order to enable schools to remain open when they had significant staff shortages due to vacancies and unplanned absence. The new staffing model also had to be implemented during this

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			time. All available options were utilised to increase capacity within the service as soon as possible to try and alleviate the pressures and this led to the PVG clearance oversight for a group of contract staff who normally would not come into contact with children. • With regards to the standards of cleanliness in schools, the new staffing model at the time of the review was still being embedded in and we have made some recommendations to further enhance the management controls in operation to ensure the standards of cleanliness are maintained at a satisfactory level.
Housing Assurance Statement	Assurance	**Substantial**	• Based on sample check of the evidence used to demonstrate compliance, we would confirm that the Council complies with the Housing Regulator requirements of the Housing Assurance Statement.
LEADER Programme	Assurance	**Substantial**	• The audit identified that satisfactory arrangements are in place for issuing, monitoring and managing the External Funding Applications through the LEADER grant funding programme.

Assurance Level	
Substantial Assurance	• There is a sound system of internal control designed to achieve the objectives of the area being reviewed. • The control processes tested are being consistently applied.
Reasonable Assurance	• The internal control processes are generally satisfactory with some areas of weakness being identified that could put some objectives of the area being reviewed at risk • There is evidence that the level of non-compliance with some of the control processes may put some of the objectives of the area being reviewed at risk.
Limited Assurance	• Weaknesses in the system of internal controls are such as to put the objectives of the area being reviewed at risk. • The level of non-compliance puts the objectives of the area being reviewed at risk.
No Assurance	• Control processes are generally weak with significant risk to the achievement of the objectives of the area being reviewed. • Significant non-compliance with control processes leaves the processes/systems open to error or abuse.

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Renfrewshire Council

To: Audit, Risk and Scrutiny Board

On: 13 June 2022

Report by: Chief Auditor

Heading: Annual Internal Audit Plan 2022/2023

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1.   **Summary**

1.1   In line with the requirements of the Public Sector Internal Audit Standards, a risk based internal audit plan for 2022/23 has been developed. The audit plan takes into account the outcomes of the internal corporate and service risk identification and evaluation processes, and the current business environment. In addition to undertaking work which will provide assurance on the robustness on key internal controls, the plan seeks to reflect the key priorities and challenges for the council.

1.2   A number of methods have been employed to facilitate production of the risk based audit plan for 2022/23:
- Consultation with all Directors and their Senior Management Teams,
- Senior management from the associate bodies and Audit Scotland;
- Benchmarking with other Local Authorities;
- Review of strategic, corporate and service risk registers;
- Cumulative audit knowledge and experience;
- Review of key external audit and inspection reports.

1.3   The following influencing factors have been considered in our assessment of the current business environment and the priority areas of audit:
- Financial sustainability;
- Economy;
- Reducing Inequalities;
- Climate, Sustainability & Adaptability

- Cyber Attack Threat

1.4   The total available resource is 1193 days, the operational audit time available for 2022/23 has been identified as 941 days (79%). The remaining 252 days (21%) relates to training, service development, administration and management. Coverage of the plan is achieved through the use of in-house staff and where relevant, commissions from other providers.

1.5   Operational and non-operational time has been calculated in accordance with CIPFA benchmarking criteria. Non-operational time includes provision for training, performance management and service development. In addition to the internal audit assurance function the Chief Auditor has managerial responsibility for risk management, insurance and corporate counter fraud which are excluded from the calculation of available operational audit resources.

1.6   Delivery of the risk based annual audit plan supports effective member scrutiny of the council's internal financial and other control mechanisms.

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2.   **Recommendations**

2.1   Members are asked to approve the content of the risk based audit plan for 2022/23.

2.2   Members are asked to note that the progress of the 2022/23 annual audit plan and summaries of the findings from each audit assignment will be reported to the Board on a quarterly basis.

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Implications of the Report

1.   **Financial** - None

2.   **HR & Organisational Development** - None

3.   **Community Planning –**
       Safer and Stronger - effective internal audit is an important element of good corporate governance.

4.   **Legal** - None

5.   **Property/Assets** - None

6.   **Information Technology** - None

7.   **Equality & Human Rights** - None

8.   **Health & Safety** – None

9.   **Procurement** - None

10**.**   **Risk** - The subject matter of this report is the risk based Audit Plan for 2022 –2023

11.   **Privacy Impact** – None

12.   **COSLA Implications** - None

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Author Karen Campbell 07768354651

Annual Internal Audit Plan 2022/23

Finance & Resources
Internal Audit

Date	March 2022	

Renfrewshire Council

Annual Internal Audit Plan 2022/23

Contents

Audit Plan Overview

1. Introduction

1.1 In line with the requirements of the Public Sector Internal Audit Standards, a risk based internal audit plan for 2022/23 has been developed. In formulating the audit plan a risk assessment has been undertaken, giving consideration to the following sources of information:

Risk assessment	(1) Risk assessment and prioritisation of all auditable activities (audit universe).
	(2) Strategic and Corporate Risk Register.
	(3) Service Risk Registers.
Consultation	(4) The Chief Auditor has met with each member of the CMT and their senior management teams to ascertain any changes to operational practice and national policy and to determine their priorities and risks.
	(5) Senior Management from the associate bodies and Renfrewshire Leisure have been consulted to ascertain their priorities and risks.
	(6) The Chief Executive has been consulted on what he sees as the council's priority and risk areas for the forthcoming year.
	(7) Feedback from, and the expectations of, the Audit, Risk and Scrutiny Board are identified through the regular meetings with the members of the board.
	(8) The Chief Auditor has met with Audit Scotland to ascertain their approach to the statutory audit where assurance on key internal controls could be provided to avoid any duplication of effort.
Benchmarking	(9) Other Local Authority internal audit plans.
	(10) Discussion with other Chief Auditors through the Scottish Local Authority Chief Auditors Group.
Review of key internal reports	(11) Thriving People – Connected Communities – Renfrewshire's Council Plan
	(12) The results of internal audit work in 2021/22 and in previous years.
Review of key external reports	(13) Audit Scotland: Renfrewshire Council - Report to Members and the Controller of Audit on the 2020/21 Audit.
	(14) Audit Scotland: Best Value reports issued during 2021/22.

1.2 On the basis of the above, the audit engagements planned for 2022/23 are set out in Appendix 1, 2 and 4, for the Council, Associate Bodies and the Integration Joint Board in the following categories of audit activity:
- Assurance,
- Governance,
- Contingency,
- Planning and Reporting

1.3 It is the responsibility of management to ensure that they have good governance, risk management and internal control arrangements over the functions they are responsible for. It is internal audit's role to provide an independent, objective assurance and consulting activity. The scope of the internal audit plan encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes; as well as the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. Delivery of the internal audit plan supports the requirement for the Chief Auditor to provide an annual opinion which is used to inform the annual governance statement.

1.4   The Chief Auditor shares information and coordinates activities with other internal and external providers of assurance and consulting services, as appropriate, to ensure proper coverage and minimise duplication of effort. Internal audit may place reliance on the work of other providers of assurance and the ability to do so will be considered during each audit engagement.

1.5   The plan also includes provision for managing and developing the internal audit activity including audit planning, reporting, periodic quality assessments and for following up on previous recommendations and reactive investigative work. The plan includes contingency time to allow for completion of work carried forward from 2021/22 and provides for consultancy engagements to be undertaken where these can improve the council's operations, add value and improve the management of risks. Contingency time also provides for sufficient flexibility to accommodate changing risks and priorities during the course of the year. More detail on each of these elements is set out in sections 4 to 7 of this plan.

1.6   The internal audit service is delivered and developed in accordance with its purpose which, as set out in the Internal Audit Charter, is to provide assurance by independently reviewing the council's risk management, control and governance processes.

2.   The current business environment and key risk areas

2.1   To ensure that the audit activity supports the achievement of the council's objectives, the audit plan, detailed in Appendix 1, has been aligned with the themes contained in the council plan.

2.2   There are a number of significant risks, arising from the external and internal environment, which could impact on the council's ability to achieve its objectives. The most significant risks and the risk control measures to manage these risks, have been identified through the council's corporate risk management process. Subject to the overall flexibility of the Audit Plan, priority will be given to audit engagements which provide assurance in relation to the council's strategic and corporate risks. The key strategic and corporate risks taken into account in formulating this audit plan are detailed below:

(1)   Financial Sustainability

The medium to longer term financial sustainability risk remains very high as the financial outlook is subject to considerable uncertainty as a result of various factors including future grant levels, pay pressures and the significant cost of living increases. Therefore, the financial outlook continues to be subject to significant and regular scrutiny. The 2022/23 audit plan includes time for reviewing:
•   the best value arrangements throughout the Council;
•   the control of payroll variations;
•   the procurement of goods and services by quick quote processes;
•   rental income collection procedures;
•   debt management processes and
•   care at home processes.

(2)   Economy

The coronavirus pandemic has resulted in many challenges for economies across the world. Renfrewshire's economy has been impacted by the lockdown restrictions and several businesses/organisations are currently experiencing significant volatility in terms of labour and supply chains as well as major cost rises as a result of the rising inflation rates. In addition, Renfrewshire's economy is also facing challenges such as a growing working age population and more closely aligning the education and skills provision with the needs of local employers The 2022/23 audit plan includes a review of the arrangements for processing development planning applications.

The Council plays a key role in tackling inequalities and providing the best possible services to our communities. It is committed to working with and providing support to communities to assist in successful delivery of local priorities. The 2022/23 audit plan includes time for reviewing grants provided to the cultural sector.

(4)   Cyber Attack

Cyber attacks are becoming more and more frequent and sophisticated and we have seen attacks on large public organisations which have had a significant impact on their service provision. The 2022/23 audit plan includes a review of the controls and protections the council has in place over its cyber environment.

(5)   Climate, Sustainability and Adaptability

Given the significant rising energy costs consumers are facing, the Council has a role in promoting and advising its community about energy efficiency as well as making optimum use of its property estate and reduce overall running costs and energy consumption levels. The 2022/23 plan includes time for reviewing the Energy Management arrangements in operation.

2.3   In addition the following reviews included in the 2022/23 plan relate to Business as Usual Risks inherent by nature of our type of organisation:-
- Supply Teachers Processes
- Disaster Recovery Arrangements
- Review of the Information Asset Register

3.   Allocation of Resources

3.1   In addition to the internal audit assurance function the Chief Auditor has managerial responsibility for risk management, insurance and counter fraud which are excluded from the calculation of available operational audit resources.

3.2   Operational and non-operational time has been calculated in accordance with CIPFA benchmarking criteria. The calculation of operational staff time has been based on 6 full time equivalent employees plus 80 days to be provided from other service providers and trainees. The internal audit team is appropriately resourced with 4 qualified and 2 non-qualified staff. Non-operational time includes provision for training, performance management and service development.

3.3   Resources from any unfilled elements of posts and other available audit resource will be used flexibly to ensure that the audit plan commitments are met, through the engagement of temporary staff and other audit service providers where appropriate. Where engagements are undertaken by the other audit service providers, these can provide an opportunity for benchmarking and training and development. Sufficient resources are available to engage specialist contractors where necessary to address any specific risks faced by the council.

3.4   The total available resource is 1193 days; the operational audit time available for 2022/23 has been identified as 941 days (79%). The remaining 252 (21%) days relates to training, service development, administration and management. Resources are assessed as being sufficient to provide an evidenced based opinion.

3.5   The following paragraphs provide an overview of how the audit time has been allocated to audit categories for the Council and its Associated Bodies. A summary of the operational time by audit category is detailed in table 1 below. The analysis of non-operational audit activity is detailed in the table 2 below. The planned operational/non-operational time for 2021/22 is given for comparative purposes.

Category of audit	2021/22		2022/23	
	Planned Days	% of Operational Time	Planned Days	% of Operational Time
GOVERNANCE	81	9%	112	12%
ASSURANCE	428	44%	381	40%
CONTINGENCY note 1	344	35%	314	34%
AUDIT PLANNING / REPORTING	119	12%	134	14%
TOTAL OPERATIONAL TIME	972	100%	941	100%

Table 1

Notes
1. This category includes time for the finalisation of the previous year's audits, corporate exercises and groups, investigations, significant project consultancy activities and emerging priorities.

Activity	2021/22		2022/23	
	Planned Days	% of Non - operational Time	Planned Days	% of Non - operational Time
TRAINING	62	24%	57	23%
STRATEGIC MANAGEMENT	22	9%	20	8%
TEAM ADMINISTRATION	90	35%	96	38%
DEVELOPMENT note 1	80	32%	79	31%
TOTAL NON-OPERATIONAL TIME	254	100%	252	100%

Table 2

Notes
1.   This category includes time allocated to development activities to support continuous improvement activities.

4.   Governance (12% of operational time)

4.1   Internal Audit must evaluate the risk exposures relating to the council's and associate bodies governance arrangements. The engagements within this category form the basis for the Chief Auditor's annual audit opinions and support the annual governance statements.

4.2   The results of the risk assessment are detailed at Appendix 1 and 2, Part A in respect of the current year, with a total of 112 days being allocated to these engagements for 2022/23.

5.   Assurance (40% of operational time)

5.1   A risk based assessment has been undertaken of all auditable areas taking into account the risk management framework and the expectation of senior management and the Audit, Risk and Scrutiny Board. The engagements within this category also form the basis for the Chief Auditor's annual opinions and support the annual governance statements. For each engagement internal audit will consider whether there are any available external sources of assurance can be relied upon to deliver the plan. Time is also allocated to following up on the implementation of prior year audit recommendations.

5.2   The results of the risk assessment are detailed at Appendix 1 and 2, Part B in respect of the current year, with a total of 381 days being allocated to these engagements for 2022/23.

6.   Contingency (34% of operational time)

6.1 This category includes time allocations for finalisation of the 2021/22 audit plan, undertaking reactive investigations of theft, fraud or other malpractice and provides for post-report work which includes attending disciplinary or appeal hearings, employment tribunals and court, as required.

6.2 The council is also undergoing a significant period of change and although these changes represent significant priorities and risks for the council, the arrangements may not be sufficiently well established to be suitable for evidence based audit reviews. In recognition of this, the 2022/23 audit plan includes provision for the on-going and anticipated involvement in significant project consultancy activities, optimisation of the Business World product, participation in corporate groups, as well as smaller scale internal control reassessment by services.

6.3 The allocation of time for this category is an estimate based on prior experience and available resources. However, this will be monitored during the course of the year to ensure that internal audit continue to be in a position to respond to other priority areas which emerge during the course of the year, and, if necessary, revise the audit plan accordingly. Appendix 1 and 2, Part C details the indicative time of 314 days allocated across the contingency heading.

7. Audit Planning / Reporting (14% of operational time)

7.1 This category includes annual planning activity and reporting arrangements to the Corporate Management Team and the Audit, Risk and Scrutiny Board, the Integration Joint Board Audit, Risk and Scrutiny Board and the Boards of the other bodies we provide internal audit services to under a service level agreement. Appendix 1 and 2, Part D details the time of 134 days allocated to planning and reporting activities.

8. Analysis of Plan by Service

8.1 Appendix 3 shows the amount of operational audit time allocated to individual services in 2022/23 and compares it to the planned days for 2021/22.

8.2 The planned days allocated to all services relates to work which is cross-cutting rather than service specific as well as time which is allocated out to services as the year progresses, such as contingency and investigations.

9. Conclusion

9.1 The annual internal audit plan for 2022/23, based on the strategic risk assessment, reflects the current priorities and challenges for the council, and demonstrates that the internal audit service continues to deliver added value while continuing to improve the service in line with best practice.

9.2 The allocation of internal audit resources is sufficient to allow for flexibility to deal with emerging priorities and provide adequate coverage of governance, risk management and internal control to inform the annual assurance statement.

9.3 The plan may be subject to amendment during the course of the year due to the emergence of issues of greater priority, or other unforeseen circumstances. The Audit, Risk and Scrutiny Board will be requested to approve any necessary changes.

Asst Chief Auditor
March 2022

Council Internal Audit Annual Plan 2022/23

Entity	Engagement Title	Service	Council Plan Theme[1]	Days Allocated	Strategic & Corp Risk
Part A – Governance				**66**	
Corporate Governance	Corporate Governance Framework	Corporate - All Services	5	6	No
Information Governance	Information Asset Register	FAR	5	20	No
Corporate Policy & Planning	Best Value Arrangements	CE	5	20	Yes
Schools Procedures	Administration of Medicines	Children's Services	2	20	No
Part B – Assurance				**318**	
Follow Up	Follow Up	Corporate - All Services	5	40	No
Administration of Grants	Cultural Grants	Corporate - All Services	2	20	Yes
Payroll – Service Controls	Payroll – Variations to Pay	Corporate - All Services	5	25	Yes
Procurement	Quick Quote Processes	Corporate - All Services	5	20	Yes
Non Domestic Rates	Non Domestic Rates	FAR	5	15	No
Debt Management	Debt Management	FAR	1	20	Yes
ICT Monitoring	Cyber Security	FAR	2	20	Yes
ICT Planning & Organisation	Disaster Recovery	FAR	4	20	No
Housing Assurance Statement	Housing Assurance Framework	Communities & Housing	2	8	No
Rental income	Rental income	Communities & Housing	5	20	Yes
Planning Services	Planning Processes	CE	1	20	Yes
Home Care	Care At Home Processes	AS	2	20	Yes
Procurement – Service Controls	Purchase Cards - Catering	E&I	5	15	No
Energy Management	Energy Management	E&I	4	20	Yes
School Meals Income Monitoring	School Meals Debt	E&I	3	15	No
Supply Teachers	Supply Teachers	Children's Services	2	20	No

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[1] 1: Reshaping our place, our economy and our future, 2: Building strong, safe and resilient Communities, 3:Tackling equality, ensuring opportunities for all, 4:Creating a sustainable Renfrewshire for all to enjoy, 5:Working together to improve outcomes.

Entity	Engagement Title	Service	Council Plan Theme[1]	Days Allocated	Strategic & Corp Risk
Part C – Contingency				**306**	
Contingency	Contingency	Corporate - All Services	N/A	124	N/A
Contingency	Corporate Groups	Corporate - All Services	N/A	45	N/A
Contingency	Investigations	Corporate - All Services	N/A	137	N/A
Part D – Planning & Reporting				**115**	
Planning & Reporting	Planning & Reporting	Corporate - All Services	N/A	115	N/A

Other Bodies Internal Audit Annual Plan 2022/23

Entity	Engagement Title	Service	Days Allocated
Part A – Governance			**46**
Integration Joint Board – Governance Arrangements	Corporate Governance Framework	IJB	5
Integration Joint Board – Governance Arrangements	Risk Management	IJB	20
RVJB - Governance	Risk Management	Associate Bodies - RVJB	15
Clydeplan Governance Arrangements	Governance Arrangements	Associate Bodies - Clydeplan	6
Part B – Assurance			**63**
Integration Joint Board – Other Systems	Information Governance	IJB	20
SE – Contract Monitoring	Social Care Contracts	Associate Bodies - SE	20
OneRen – Other Systems	Payroll Processes	OneRen	23
Part C – Contingency			**8**
Contingency	Contingency	Associate Bodies	8
Part D – Planning & Reporting			**19**
Planning & Reporting	Planning & Reporting	Associate Bodies	19

Analysis by Service

Service	2021/22		2022/23	
	Planned Days	**% of Operational Time**	**Planned Days**	**% of Operational Time**
All Services note 1	554	57%	512	55%
Chief Executive's Service	35	4%	60	6%
Finance & Resources	80	8%	95	10%
Children's Services	45	5%	40	4%
Adult Services	20	2%	20	2%
Environment & Infrastructure	70	7%	50	5%
Community & Housing	50	5%	28	3%
COUNCIL TOTAL	**854**	**88%**	**805**	**85%**
Scotland Excel	29	3%	25	3%
Clydeplan	5	0%	10	1%
Renfrewshire Valuation Joint Board	23	2%	20	2%
Renfrewshire Health & Social Care Integration Joint Board (Appendix 4)	35	4%	55	6%
OneRen	26	3%	26	3%
TOTAL	**972**	**100%**	**941**	**100%**

Notes

1   **Planned time includes, Follow up Audit, Contingency, Planning and Reporting and an element of Cross cutting Assurance and Governance Audits and is allocated against services during the course of the year**

Annual Audit Plan 2022/23– Integration Joint Board

Audit Category	Engagement Title	No. of days	Detailed work
Assurance	Information Governance – Requests for Information	20	The aim of this review is to provide assurance that the various types of requests for information are being dealt with correctly.
Governance	Local Code of Corporate Governance	5	Annual review of the adequacy and compliance with the Local Code of Corporate Governance to inform the governance statement.
Governance	Risk Management – Risk Management Processes	20	The purpose of the audit is to review the arrangements in place for identifying and managing risks.
Planning & Reporting	Annual Plan, Annual Report and Audit Committee reporting & Training	7	The Chief Internal Auditor is required to prepare an annual plan and annual report for the Audit Committee, summarising the work undertaken by Internal Audit during the year and using this to form an opinion on the adequacy of the control environment of the IJB.
Contingency	Ad-hoc advice and Consultancy	3	Time for advice and consultancy on relevant priorities and risks or change related projects and following up on the implementation of internal audit recommendations. .

Renfrewshire
Council

To: **Audit, Risk and Scrutiny Board**

On: **13 June 2022**

Report by: Director of Finance and Resources

Heading: **Unaudited Annual Governance Statement 2021 - 2022**

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1. **Summary**

1.1 The Local Authority Accounting Regulations require that an Annual Governance Statement is prepared and included in the Annual Accounts for the council. The Annual Governance Statement should be prepared in accordance with the CIPFA / Solace guidance "Delivering good governance in Local Government".

1.2 The Annual Governance Statement for 2021-22 is attached and has been prepared in accordance with the relevant regulation and guidance taking account of the Internal Audit Annual Report and Director's evaluation of the operation of the governance arrangements within each service area.

1.3 The Governance Statement is subject to statutory audit by the Council's External Auditors as part of their review of the annual accounts.

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2. **Recommendations**

2.1 Members are invited to note the Annual Governance Statement will be included in the Unaudited Accounts for 2021/22.

Implications of the Report

1.   **Financial** - None

2.   **HR & Organisational Development** - None

3.   **Community Planning –** The application of sound governance arrangements supports the Council to deliver on its key objectives and priorities.

4.   **Legal -** subject to approval by Council, the Accounts will be released for audit by the statutory deadline of 30 June 2021.

5.   **Property/Assets** - None

6.   **Information Technology** - None

7.   **Equality & Human Rights** - None

8.   **Health & Safety** – None

9.   **Procurement** - None

10**.**   **Risk** – Specific risks identified from the Chief Auditor's Annual Report and the assessments of service Directors are disclosed in the statement.

11.   **Privacy Impact** – None

12.   **COSLA Implications –** None

13.   **Climate Risk** - None

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Annual Governance Statement

Scope of responsibility

Renfrewshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Council's members and the corporate management team are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) framework; Delivering Good Governance in Local Government. A copy of the Local Code is available on our website www.renfrewshire.gov.uk.

This statement explains how Renfrewshire Council has complied with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirements for an annual Governance Statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives set out in the Council plan.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. Internal control cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework

The main features of our governance arrangements are described in the Local Code but are summarised below:

The overarching strategic priorities and vision of the Council are set out in the Council Plan 2017-2022 and the Renfrewshire Community Plan 2017-2027. The Council Plan is aligned to the Community Plan and sets out 5 strategic outcomes that the organisation will work to achieve over a 5-year period with specific priorities relating to tackling inequality, promoting economic and cultural regeneration, attainment and sustainability. Renfrewshire's Community Plan (which also acts as Renfrewshire's Local Outcome Improvement Plan as required by the Community Empowerment (Scotland) Act 2015) details how community planning partners will work together to achieve the key priorities identified for Renfrewshire.

- The key outcomes the Council is committed to delivering with its partners, are set out in the Community Plan;
- The Council operates within an established governance framework which incorporates a scheme of delegated functions, financial regulations, standing orders relating to contracts and procedural standing orders. These elements of the framework are kept under regular review by the Council;
- The Council facilitates policy and decision making through a policy board structure;
- Services are able to demonstrate how their own activities link to the Council's vision and priorities through their service improvement plans. Performance management and monitoring of service delivery is reported through policy boards regularly including six monthly updates to the Leadership Board on progress against the implementation of the Council Plan;
- Prior to COVID-19, the Corporate Management Team monitored a quarterly scorecard of performance information which is now being refreshed to ensure this is fit for purpose. The Council regularly publishes information about its performance, e.g. "It's all about you", a publication outlining the

performance of the Council published annually. An annual benchmarking report on the performance of the Council is submitted to the Audit, Risk and Scrutiny Board;

- The Council has adopted a code of conduct for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members. In addition, the Council has in place a protocol for Relationships between Political Groups, Elected Members and Officers;
- The Council's approach to risk management is set out in the risk management strategy and is well embedded. Risks are reported regularly to the Audit, Risk and Scrutiny Board;
- The Director of Finance and Resources is the Council's Senior Information Risk Owner and information risk is monitored through the Information Management and Governance Group and its sub-groups. The Managing Solicitor, Information Governance is the statutory Data Protection Officer;
- Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development;
- Registers of interests for elected members and senior officers are maintained and published on the Council's website;
- The Council complies with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and the Council's arrangements for fraud prevention, detection and investigation are managed through the corporate counter fraud service;
- The Council's approach to 'whistleblowing' is outlined in the policy for expressing concerns outwith line management;
- A range of multi layered Cyber Security controls are in place and are tested annually to check standards in line with Government guidance. Industry cyber security standards are followed and explicitly those belonging to Public Sector Network (PSN), National Cyber Security Centre (NCSC) guidance, Scottish Government Public Sector Cyber Resilience Plan and Payment Card Industry (PCI) data security standards. The O365 security and compliance toolset provides a wide range of protection against cyber-attacks including identity theft and phishing. The Council holds a current Certificate of Compliance for PSN standards. ICT network and digital services are monitored monthly through our cyber security partner. These are all monitored and managed through the Cyber Security team which is headed up by a CISM qualified Cyber Security Architect (Cyber Information Security Manager)
- Clear and independent governance arrangements are in place with One Ren and the Renfrewshire Health and Social Care Partnership with oversight from the Head of Policy and Commissioning (Council's Designated Monitoring Officer) and the Council's Leadership Board.
- Seven Local Partnerships have been established and have identified initial local priorities. Decision making including that relating to relevant grants is delegated to each Local Partnership through a Lead Officer appointed by the Council.

This governance framework has been in place at Renfrewshire Council for the year ended 31 March 2022, subject to the impact of the COVID-19 pandemic as disclosed in the section on review of effectiveness and continuous improvement below.

Within the 2020/21 report, Audit Scotland concluded that "The Council has appropriate governance arrangements in place. We recognise that in responding to the COVID-19 pandemic the Council revised its governance arrangements. The new arrangements are appropriate and support good governance and accountability. There is effective scrutiny, challenge and informed decision making."

The system of internal financial control
The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. The system includes:
- Guidance on financial management supported by comprehensive financial regulations and codes;
- Comprehensive budgeting systems, and detailed guidance for budget holders;
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts;
- Setting targets to measure financial and other performance;
- The preparation of regular financial reports that indicate actual expenditure against the forecasts;

- Clearly defined capital expenditure guidelines;
- As appropriate, formal project management principles;
- The Chief Finance Officer is the Director of Finance and Resources who complies with the CIPFA Statement on the Role of The CFO in Public Services.

The role and responsibilities of the Audit Committee and the Chief Auditor
The role of the audit committee is under the remit of the Audit, Risk and Scrutiny Board which is chaired by a member of the opposition; its role includes:

- to approve the internal audit charter and annual internal audit plans;
- to review internal and external audit reports and the main issues arising, including those relating to the annual accounts and seek assurance that action has been taken and make recommendations to the Council where appropriate;
- to receive and consider the Chief Auditor's annual report, summarising internal audit activity and the level of assurance this provides over the arrangements for internal control, risk management and governance within the Council;
- to monitor the performance of internal audit;
- to consider the annual review of the Local Code of Corporate Governance.

The internal audit service operates in accordance with the Public Sector Internal Audit Standards and reports to the Audit, Risk and Scrutiny Board. Internal audit undertakes an annual programme of work, approved by the Board, based on a strategic risk assessment. The Council's Chief Auditor provides an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control. The Council conforms to the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).

Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services. The Audit, Risk and Scrutiny Committee complies with the CIPFA guidance Audit Committees: Practical Guidance for Local Authorities and Police. The Council's Chief Auditor has responsibility to review independently and report to the Audit, Risk and Scrutiny Board annually, to provide assurance on the adequacy and effectiveness of the Local Code and the extent of compliance with it. The Audit, Risk and Scrutiny Board performs a scrutiny role in relation to the application of the Local Code of Corporate Governance and regularly monitors the performance of the Council's internal audit service.

Internal Audit reporting arrangements include communication of finalised audit engagements, monitoring the progress of agreed management actions and communication of any unacceptable risk identified to the Board.

Review of effectiveness and continuous improvement
Renfrewshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness of the framework is informed by the work of the Corporate Management Team who have responsibility for the development and maintenance of the governance environment, the Chief Auditor's annual report, and reports from the external auditors and other review agencies and inspectorates.

The effectiveness of the governance framework is reviewed annually by the Corporate Management Team, including the use of an annually updated self-assessment tool covering six key areas of governance (including the impact on governance of the coronavirus pandemic), as follows:

- Business Planning and Performance Management
- Internal Control Environment
- Budgeting, Accounting and Financial Control
- Risk Management and Business Continuity
- Conflicts of Interest, Whistleblowing and Gifts and Hospitality
- Impact of coronavirus (COVID-19).

This self-assessment indicated the governance framework is being complied with in all material respects. In addition, the review of the effectiveness of the governance arrangements and the systems of internal control

within the group entities places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

The Council has a well embedded approach to continuous improvement through self-assessment. Registered services within education, social care and housing undertake regular self-assessment as part of the delivery of their services, including aspects such as multi agency file reading and practice and improvement groups in place. Staff from across services are also invited to participate in improvement sessions linked to the service improvement plans on an annual basis, or in relation to specific exercises such as the "Our Values" staff engagement process in 2019. The Council previously utilised the Public Services Improvement Framework and is considering options for a future self -assessment activity.

The Council continues to recognise the need to exercise strong financial management arrangements to manage the financial pressures common to all local authorities, and has robust financial control and financial planning processes in place. The CIPFA Financial Management (FM) Code was adopted in June 2021 and work is underway to disseminate the results and establish an action plan to address any required improvements.

Throughout this year, there continued to be unprecedented challenges facing the Council in responding to the ongoing COVID-19 pandemic which significantly altered the way in which the organisation operates and significantly changed the delivery of services. Reduced capacity and competing priorities as well as an upturn in demand in some areas due to the easing of restrictions continue to be actively managed on a daily basis. The following should be specifically noted:

- emergency governance arrangements remained in operation throughout 2021/22 and amended regularly to take account of the prevailing COVID-19 regulations. These amendments were approved by Council. A protocol was established during the year to facilitate the conduct of hybrid meetings which were broadcast live with the option available to the Convenor of each Board to hold the meeting remotely by teams if they wish and this protocol continues to be in operation;

- the Council are progressing with their economic and social renewal and recovery plans in recent months, along with partners in response to the COVID-19 pandemic over the short to medium term. The Corporate Management Team continue to have a specific focus on recovery from the COVID-19 pandemic;

- regular performance reports have been prepared for policy boards throughout the period of the pandemic in the form of service update reports. Each service has developed a Service Delivery Plan for 2021/22 in place of the usual service improvement plans, in order to focus on activities linked to recovery over this year in particular. Services are currently preparing 3 year Service Improvement Plans for approval by policy boards prior to Summer 2022;

- tranche 2 of the Right for Renfrewshire programme was commenced over the second half of 2021. This was on a smaller scale than originally planned and the service redesigns progressed were in those areas where it was anticipated that there would be potentially less direct impact from the pandemic recovery process and where the greatest opportunity exists for appropriate management and service capacity to be directed towards the Right for Renfrewshire agenda;

- financial management across the Council has remained strong, with continued additional reporting in place to clearly distinguish COVID-19 related costs and income losses from core operating costs. Over the course of the year significant amounts of additional non-recurring income has been secured from the Scottish Government in order to ensure local government continues to provide support to local communities and businesses. Funding has been provided both to support Council expenditure, but also on an "agency" basis whereby the Council administers grant schemes designed by the Scottish Government. Ensuring compliance with the various grant conditions has entailed considerable work by Council officers throughout 2021/22. Any potential fraudulent grant applications were referred to the Council's Corporate Fraud Team for investigation and referral on to the Procurator Fiscal or Police, as appropriate;

- all essential services have continued to be delivered throughout the pandemic and business continuity arrangements are in place and operating highly effectively. Some areas of service activity were stopped or deferred; others were delivered through different processes. There have been no significant changes to internal controls although significant numbers of new and amended processes

and services have been put in place to allow the Council to appropriately respond to the impact of the pandemic and to support local communities and businesses. The Council has now developed service recovery programmes to reopen services and catch up on deferred work, moving towards more normal levels of service activity and service priority. This is a process and programme of work that is likely to continue into 2022/23 and beyond;

- although the Council's cyber security arrangements are considered to be robust and are regularly tested, recognition of the ever increasing criminal cyber activity and the recognition that cyber-attacks are becoming more and more frequent and sophisticated and that there is an increased reliance on electronic systems resulted in a focused review of the Council's cyber environment being undertaken. This led to the decision that the cyber -related elements within the Organisation Resilience risk would benefit from being a separate corporate risk for a period of time, with the further scrutiny that this affords;

- the Council commenced planning for Brexit during 2019/20 and identified risks have been incorporated into the Strategic and Corporate Risk Registers. A number of significant areas of risk remain for the organisation and for communities that have been deferred due to a combination of COVID-19 impacts, particularly in relation to employment constraints related to closure of hospitality and retail establishments masking the impact of the end of freedom of movement and the deferral of the introduction of required import checks and restrictions which when introduced will lead to increased restrictions, delays and cost increases on products and services from the European Union and a significant and ongoing regulatory burden for Environmental Health Officers and Trading Standards Officers. Some of these risks will be further exacerbated by the ongoing conflict in Ukraine and the associated sanctions on Russia which will place additional cost and supply pressures on some products and materials that are likely to increase and continue into 2022/23.

Regular reviews of the Council's arrangements are undertaken by internal audit and overall, the Council's internal financial control arrangements are considered to be sound.

As part of the ongoing relationship which is in place under the new best value methodology, Audit Scotland continuously engage with the Council in relation to the improvement plan, regularly attending Council and board meetings and reviewing information provided. Each year Audit Scotland provide an assessment of the ongoing position in relation to best value, within the Annual Audit Report. The Annual Audit Report for 2020/21 was published in November 2021 noted that the Council continues to make positive progress addressing the recommendations contained in our 2016/17 Best Value Assurance Report.

Audit Scotland provided an unqualified and unmodified audit opinion on the 2020/21 annual accounts.

The programme of work undertaken by internal audit identified 2 occasions where a limited assurance level was given in relation to the internal control, risk management and governance objectives for the specific areas of each audit review. The following areas are those identified as requiring improvement:

- A review of the procedures in place for identifying and dealing with unsafe memorials in cemeteries was undertaken and it was identified that insufficient progress had been made in this area due to capacity issues, mainly as a result of the service having other priorities arising from the pandemic. Management agreed to allocate additional resource to this area and progress will be monitored through the internal audit follow-up process. Although this area requires to be addressed there is no significant impact on the Council's overall system of internal control.

- The operation of Purchase Cards was reviewed to ensure that the correct procedures were being followed during the pandemic and whilst there were adequate procedures in place covering the purchase of goods with Purchase Cards, issues were identified regarding compliance and the timeliness of approval of transactions. Management agreed to implement the improvement actions required and progress will be monitored through the internal audit follow-up process.

Internal audit undertakes an annual exercise to ensure that recommendations arising from internal audit engagements have been implemented by service management and the results are reported to the Audit, Risk and Scrutiny Board (ARSB). This work highlighted that 82% of recommendations were implemented by the due

date. 17% had passed their original due date and revised implementation dates have now been set and 1% were superseded. Of the 21 recommendations followed up that were deemed to be critical, 18 have been fully implemented and 3 have been partially implemented. Revised implementation dates have been agreed for each of these recommendations.

It is our view that the Council has in place a sound system of governance, risk management and internal control and that appropriate mechanisms are in place to identify any areas of weakness. This is corroborated by an Annual Assurance Statement prepared by the Council's Chief Auditor stating that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's governance, risk management and internal control framework.

Action Plan

Following consideration of the review of adequacy and effectiveness the following action plan has been agreed to ensure continual improvement of the Council's governance.

Agreed action	Responsible person	Date
Prepare 3-year Improvement Plans for each service	Service Director	August 2022
Review and refresh quarterly scorecard of performance information	Head of Policy and Commissioning	September 2022
Establish an action plan arising from the CIPFA FM Code	Head of Finance and Business Services	31 December 2022

The agreed actions will be subject to review to identify the progress being made in implementing these actions.

Update on the 2020/21 Action Plan

The 2020/21 Governance Statement identified areas of continuous improvement activities to be taken forward to improve the overall governance, risk management and internal control environment. Progress over the last 12 months against the agreed action plan is detailed below.

Agreed action	Progress Update	Responsible person	Date	Revised Date
Ongoing Actions				
Review and update where necessary the policy for expressing concerns outwith line management 'whistleblowing' for approval by Board.	The update was delayed due to other priorities, but the policy is now in its final draft and has been submitted for consultation to senior management and other appropriate parties, prior to being submitted to Board for approval	Chief Auditor	September 2021	August 2022
Review and refresh the Council Plan.	The work on the new Council Plan has commenced	Head of Policy and Commissioning	September 2022	N/A

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2021/22 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

To: **Audit, Risk and Scrutiny Board**

On: **13 June 2022**

Report by: **Director of Finance and Resources**

Heading: **Risk Report, April 2022**

1. **Summary**

1.1 Each year the Board considers and approves the council's risks.

1.2 This paper sets out the latest position in managing the council's risks, as we have entered the first quarter of the new financial year. The appendices attached provide:

- 1: details of longer-term strategic and corporate risks (at 30 April 2022)
- 2: details of longer-term significant service risks (at 30 April 2022)
- 3: list of 'business as usual' risks.

2. **Recommendations**

2.1 It is recommended that the Board approves the report, being in agreement with the risks identified.

3. **Background**

3.1 The key areas of risk **previously** reported to the Audit, Risk & Scrutiny Board in January 2022 were:

Strategic Risks:
Very High-Risk Economy
Very High-Risk Unemployment
Very High-Risk Reducing inequalities
High Risk Climate, sustainability & adaptability

Corporate Risks:
Very High-Risk Financial sustainability
High-Risk Cyber attack
High-Risk Financial stability
High Risk Regulatory services/ statutory activities
High Risk Administration of elections
High Risk Commercial vehicle & operator's license

3.2 The strategic and corporate risk profile for the council in terms of its longer-term or imminent risks was as shown by the matrix below:

Evaluation:	Low	Moderate	High	Very High	Total
LT or Imm Strategic Risks:	00	00	01	03	04
LT or Imm Corporate Risks:	00	00	05	01	06

3.3 Risks are evaluated using the Council's standard risk matrix; this involves multiplying the likelihood of a risk occurring by its potential impact. Risks are then evaluated as either 'low' (green), 'moderate' (yellow), 'high' (amber) or 'very high' (red).

3.4 It was noted that when the above risks were agreed that service departments had revisited their top 'significant' operational risks (i.e. those evaluated as high or very high) but all reported that any such risks were already captured by a number of strategic and corporate risks.

3.5 The Corporate Risk Management Group has again reviewed the risk profile on behalf of the Corporate Management Team and the current information is now presented to Board for approval.

3.6 Changes since the 2021/2022 year-end:

- Risks added/ escalated – no change

- Risks removed/ de-escalated – there has been **one risk removed**; this had related to the **administration of elections**, particularly in light of delivering the Scottish Parliamentary and Local Government Elections in a covid context. There are now no scheduled elections until Dec 2024.

- Risks with scoring/ evaluation changed – no change

3.7 With the one change at paragraph 3.6 in mind, the risk profile is now as follows:

Evaluation:	Low	Moderate	High	Very High	Total
LT or Imm Strategic Risks:	00	00	01	03	04
LT or Imm Corporate Risks:	00	00	04	01	05

3.8 Appendix 1 provides the detail for all 4 longer-term or imminent strategic risks. Appendix 2 provides the detail for all 5 longer-term or imminent corporate risks. Appendix 3 outlines our 'business as usual' risk areas and how we are progressing in the development of our new 'assurance' model for these risks[1].

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[1] For 'business as usual' risks, the council takes a different approach. BAU risks are defined as those not generally related to corporate priorities or ambitions but rather are inherent by nature of our type of organisation. Essentially these are risks we have no option but to live with and manage and monitor.

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Implications of the Report

1.   **Financial**

Recurring costs associated with the measures in place for each risk are considered proportionate to the level of risk, and new planned actions are also considered to be cost effective.

The financial requirements to support the risks should be met within the budget of each relevant risk owner, nevertheless, any unplanned and unbudgeted cost pressures that arise in relation to any of the risks identified will be subject to review in consultation with the Director of Finance and Resources.

2.   **HR & Organisational Development** – not relevant to report recommendations

3.   **Community/Council Planning** – effective risk management supports the delivery of all community/ council plan outcomes

4.   **Legal** – not relevant to report recommendations

5.   **Property/Assets** – not relevant to report recommendations

6.   **Information Technology** – not relevant to report recommendations

7.   **Equality & Human Rights** – not relevant to report recommendations

8.   **Health & Safety** – not relevant to report recommendations

9.   **Procurement** – not relevant to report recommendations

10.   **Risk** – as per the subject matter of this report

11.   **Privacy Impact** – not relevant to report recommendations

12.   **Cosla Policy Position** – not relevant to report recommendations

13.   **Climate Risk** – not relevant to report recommendations
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Appendix 1: Strategic Risks, longer-term or imminent

Reshaping our place, our economy and our future

Context	Risk Statement	Owned by	Current Controls	Likelihood	Impact	Evaluation
SRR.22.01.01 Economy The coronavirus pandemic has resulted in significant challenges for economies across the world. The UK and Scottish Governments invested billions to support businesses through lockdowns and furlough in order to keep businesses viable and retain people in employment. Renfrewshire's economy has well established strengths in transport (including Glasgow Airport), retail (including Braehead), manufacturing (including significant international exports) and construction. All these sectors and their wider supply chains have been impacted by the lockdown restrictions which have reduced supply and led to subdued demand for products and services. The construction sector is currently experiencing significant volatility in terms of labour, supply chains, prices, and construction inflation. This makes "building our way out of Covid" less attractive, coupled with a connected surge in construction claims and disputes.	Even before the COVID-19 crisis, the Scottish economy was facing several strategic challenges including climate change, Brexit and lower than average productivity. Likewise, Renfrewshire's economy was facing challenges such as: growing the working age population; more closely aligning the education and skills provision with the needs of local employers; and achieving a strong and inclusive economy. The risk therefore is that significant economic improvement and upskilling of local workforce is difficult to progress until the current landscape improves and our investment programmes are completed?	Head of Economy and Development Head of Finance & Business Services Programme Director – City Deal & Infrastructure	(1) Economic Recovery Plan (2) Capital investment such as investment in housing and heritage assets; supporting Scotland's prospectus for international investment by identifying and developing opportunities such as AMIDS and supporting local businesses seeking to export to new markets (3) Taking forward measures to counter any education learning loss (4) Developing skills interventions to address the risks of unemployment, in particular for those under 25 and making provision for people to re-skill and upskill.	05	05	25 V.High

Action Codes	Actions	Assigned To	Date	Status
	Collaborating with NMIS and MMIC through the AMIDS Strategic Advisory Group.	Programme Director - City Deal and Infrastructure	31-Dec-2021	✅
CESDP21 - 01 - 26	Work with partners to deliver the Advanced Manufacturing Innovation District – Scotland (AMIDS). The delivery of AMIDS is now at a critical stage, between infrastructure delivery and securing the investment which will bring employment, skills and economic growth enabled by City Deal infrastructure. This context is recognised within the Renfrewshire Economic Strategy 2020-2030 where AMIDS is noted as a key component.	Programme Director - City Deal and Infrastructure	31-Mar-2022	✅
CESDP21 - 01 - 27	Monitor benefits of City Deal Projects, including AMIDS, Clyde Waterfront and Renfrew Riverside and City Region wide employment programmes. The monitoring of benefits associated with the City Deal Projects is at an early stage however, development including new residential and commercial developments, in the areas in the vicinity of both the GAIA and CWRR projects has been accelerated as a result of the significant City Deal investment. It is estimated that circa 10% of the projected outputs and outcomes have been realised.	Programme Director - City Deal and Infrastructure	31-Mar-2022	✅

CESIP20 - 01 - 09	Develop and coordinate the delivery of a Business Case and development opportunities for AMIDS South (Previously Paisley North/GAIA South). An Outline Business Case has been compiled for the AMIDS South project, to demonstrate the benefits that it will deliver to the local communities, the improvements in connectivity from Paisley, including linking to the significant investment in Cultural Infrastructure to AMIDS and the potential to enhance and spread the outcomes at AMIDS and in the Cultural Infrastructure to the wider communities. AMIDS South is now the recipient of Levelling Up Fund (LUF) award of £38.5m in Nov 2021 and is now progressing.	Programme Director - City Deal and Infrastructure	31-Mar-2022	✅
	Implement the Economic Recovery Plan Renfrewshire Council and its key partners are continuing to monitor the impact of COVID-19 on the local economy and work towards economic recovery. An update was provided to Leadership Board in December 2021 on progressing the 14 Priority Action Areas within the Plan.	Head of Economy and Development	31-Mar-2023	▶
CESIP20 - 01 - 20	Expand our enterprise programmes and business support to increase the number of new local business start-ups Start Up Street Paisley was slightly delayed due to COVID-19 and opened October 2020 and is now nearly at full capacity. Start Up Street Johnstone has recently launched at Station 7, and refitting work is underway at the Renfrew site ahead of a launch later this year. Plans for Start Up St in Renfrew and in Johnstone now being progressed. A new work stream around schools enterprise programmes has also commenced.	Economic Development Manager	31-Mar-2022	✅
CESIP20 - 01 - 21	Increase business sustainability, productivity, competitiveness and growth through a revised package of incentives, business support, training and advice Scottish Government COVID-19 grants commenced to support businesses and self-employed affected by COVID-19 at end March 2020. Renfrewshire Council have launched an augmented grants and loans programme. City Region "regional offer" was prepared Grants of over £55M have been distributed to thousands of local businesses through the team with the focus on sustainability rather than growth.	Economic Development Manager	31-Mar-2022	✅
CESIP20 - 01 - 22	Promote international trade and connectivity through supporting those businesses looking to export to new markets City Region work identified the role of Scottish Enterprise in this area and work has commenced in terms of further signposting businesses to the supports on offer.	Economic Development Manager	31-Mar-2023	▶
CESIP20 - 01 - 23	Work with partners to enhance provision, accessibility and take up of business support services and to identify where new services are required The last year has been difficult and progression of this theme has not been as planned. The key focus was on supporting and sustaining businesses through SG grant programmes and advisory support. Close working with partners has taken place however in an attempt to be as accessible as possible to business and a range of services were altered in order to fit with the COVID requirements (e.g. training via TEAMs or ZOOM. Additional council services and grant supports were developed to meet the COVID challenges. The next year will see a need for further changes and development as we support businesses through the restart and sustain phase.	Economic Development Manager	31-Mar-2022	✅

Context	Risk Statement	Owned by	Current Controls	Likelihood	Impact	Evaluation
SRR.22.01.02 Unemployment	Skills and business support need to change to meet the scale of the anticipated economic challenge, otherwise there is a risk to ensuring that people are better placed to realise their potential, better able to find ways into paid work and to reduce inequality.	Head of Economy and Development	(1) Job creation programmes and demand led interventions (2) Focus on youth unemployment (3) Community benefit clauses (4) Enhanced and expanded employability services (5) Focused and targeted partnership working to ensure no-one is left behind	05	05	25 V.High
Experience from previous recessions demonstrates that some groups of people: those in lower paid jobs; younger people; the self-employed and those on temporary contracts – tend to be more affected than others. This impact can accentuate economic and social disparities that already exist within economies such as Renfrewshire. When fewer jobs are available generally, this results in those groups listed above being furthest from accessing them. It is currently challenging to establish the impact of Brexit on unemployment due to the impact of the pandemic. There is some data to show that employment is returning to pre-pandemic levels.						

Actions		Assigned To	Date	Status
CESIP20 - 03 - 07	Develop and implement a new Inclusive Growth framework and action plan 2019 Inclusive Growth conference facilitated over 180 local people inputting to the development of the Inclusive Growth agenda. Inclusive Growth Framework and action plan identifies work programme to Dec 2022.	Economic Development Manager	31-Dec-2022	▶
CESIP20 - 03 - 08	Deliver bespoke employability services targeted at the needs of inactive and unemployed priority groups (with a key focus around health) to move them closer to work. Range of pilot work now embedded into service delivery model and mainstreamed as part of service. New programmes under the NOLB banner being developed relating to disability and also care leavers.	Economic Development Manager	31-Dec-2022	▶
CESIP20 - 01 - 24	Reduce skills gaps in the area and respond to growth sectors Renfrewshire's Skills Action Plan was approved by Leadership Board in February 2020. This is a key action within the Economic Strategy - developing Renfrewshire's workforce to meet the needs of our growing economy and emerging sectors is fundamental to achieving the ambitions set out in the Strategy.	Economic Development Manager	31-Dec-2022	▶
CESIP20 - 01 - 25	Ensure a strong and active local employability partnerships to support all people to be job ready and to access employment LEP restructure took place during the year with regular meetings taking place. Local Employability Partnership will become a commissioning oversight group for new services particularly relating to No One Left Behind (NOLB).	Economic Development Manager	31-Dec-2022	▶
CESDP21 - 01 – 02	Deliver the UK Governments Kickstart Scheme and Scottish Governments Young Persons Guarantee to significantly reduce youth unemployment across Renfrewshire. The Renfrewshire youth employment figures have been improving monthly and a recent report from ONS and Scottish Government showed that Renfrewshire had the second highest youth employment rate in Scotland in 2021 at 67.4% (54.9% is Scotland average) and (by a considerable margin) the highest youth employment growth over the last 10 years across Scotland at 21.1% (against a Scotland increase of -0.3%). This shows the level of commitment and work on the youth employment agenda over the years, but particularly the last year. The Kickstart scheme has now concluded and was very successful across Renfrewshire. The Council Kickstart Gateway placed young people into 408 roles across Renfrewshire, including 71 at Renfrewshire Council. The Renfrewshire Gateway was one of the largest in Scotland, again showing the commitment locally to support young people into work. The Young Persons Guarantee continues to perform well, and the Local Employability Partnership continue to be held up as best practice across Scotland for partnership working and commitment to improving the opportunities of local unemployed people.	Economic Development Manager	31-Dec-2022	▶
CESDP21 - 01 - 08	Redundancy Support: Design and deliver new services to those being made redundant and to support and advise businesses forced to reduce staff during this time A PACE redundancy service at Renfrewshire Council Employability Services has been developed with a single point of contact appointed and supporting people being made redundant from June 2021. A new employability grant programme was recently approved and launched on 1st October to deliver enhanced skills across the area.	Economic Development Manager	31-Dec-2021	✔

Tackling inequality, ensuring opportunities for all

Context	Risk Statement	Owned by	Current Controls	Likelihood	Impact	Evaluation
SRR.22.03.03 **Reducing inequalities in Renfrewshire**	If we don't have a coordinated approach to tackling inequalities across Renfrewshire (including for example, the causes and consequences of poverty), this could jeopardise the effort in reducing both the short-term impacts on households but also have wider long-term consequences on attainment and health for people living on low incomes.	Head of Policy & Commissioning	(1) Tackling Poverty Programme (2) Attainment Challenge (3) Strong partnership working (e.g. Community Planning Partnership (CPP). Advice Partnership, Empowering Communities Forum, Improving Life Chances, CPP Board (4) CPP have identified priorities e.g. Alcohol and Drugs, Social isolation etc. (5) Social Renewal Plan has been developed through a programme of analysis, research, and engagement. (6) Neighbourhood hub model in place to support local needs on a partnership basis in response to COVID	05	05	25 V.High
The Council plays a key role in tackling inequalities and providing the best possible services to our communities, particularly those who are experiencing the poorest outcomes. As well as our focus on health and wellbeing, we are also committed to support vulnerable individuals, groups or communities through early intervention and prevention, responding to poverty, supporting routes to employment as well as dealing with welfare reforms. The impact of COVID-19 is likely to have exacerbated existing inequalities in terms of for example educational attainment, health, poverty and mental health. There will be a significant focus on ensuring that people receive the economic and wellbeing support that is needed, with a real opportunity to work in a different way, and to tackle some of the existing inequalities across communities as we do this. In the short term, significant focus is on supporting food insecurity and supporting people on low incomes to maximise income and seek advice with income and debt management.						

Action Codes	Actions	Assigned To	Date	Status
CESIP20 - 02 - 01	Work with communities to develop local action plans to tackle the issues people care about most Work with Local Partnerships was delayed during 2020, with the primary focus on the distribution of grants in September and October 2020. In early 2021, in order to support the continued development of their Local Priorities, Local Partnerships were briefed on the progress of the Community Impact Assessment, particularly the findings of the Public Services Panel by Local Partnership area. The development of the Local Priorities into local Action Plans will resume later in 2022. A new action has been developed to reflect this.	Strategic Partnerships and Inequalities Manager	31-Mar-2022	✅
CESDP21 - 03 - 04	Work with local equalities led community groups and employees to deliver progress against the six equalities outcomes Following engagement, draft equality outcomes were agreed by Council and published in March 2021. These will be subject to further engagement during 2021 and 2022 in light of COVID.	Strategic Partnerships and Inequalities Manager	31-Mar-2023	▶
CESDP21 - 03 - 05	Develop and publish Local Child Poverty Action Report The Local Child Poverty Action report was agreed by Leadership Board in June 2021 and subsequently published. Child poverty has been identified as a particular area of focus for the Community Planning Partnership, and an initial scoping session for partners to identify next steps around child poverty was held in September 2021.	Strategic Partnerships and Inequalities Manager	30-Jun-2020	✅
CESIP20 - 03 - 05	Promote ethical procurement and work with our suppliers to ensure that they do not use exploitative labour During the financial year 2020/21 all tenders were evaluated in accordance with the requirements of legislation, statutory guidance and good practice The procurement team supported the Council's commitment to the Modern	Strategic Commercial and Procurement Manager	31-Mar-2023	▶

	Slavery Charter and all Works contracts provided a link to the Council's Statement in Relation to the Procurement of Construction Contracts (The Construction Charter) which promotes fair and ethical treatment of the workforce and supply chain.			
CESDP21 - 03 - 01	Implement the recommendations of the Renfrewshire Alcohol and Drugs Commission The final report of the Alcohol and Drugs Commission was presented to the Council and Community Planning Partnership in December 2020. An update on progress was provided to the Leadership Board on 15 September. 12 projects are currently being supported by the £2m funding allocated by Council to support the work of the commission, with £1.34m of funding allocated to date. This work is being overseen by a programme board chaired by the Chief Executive	Head of Policy & Commissioning	31 Mar 2023	▶
CESIP20 - 03 - 09	Promote fair working practices including payment of the living wage across the Council's supply base. Include Fair Work as a standard agenda item at supplier review meetings to be considered alongside all other contract management matters Fair Work practices are scored as standard in all our contracts, these actively promote payment of the Living Wage. Corporate Social Responsibility, Sustainability, Community Benefits and Workforce Development are included in the KPIs available via the Contract and Supplier Management (CSM) Module on PCS-T, the procurement team are committed to rolling this CSM Module out across all strategic contracts.	Strategic Commercial and Procurement Manager	31-Mar-2022	✅
CESDP21 - 03 - 02	Develop the Social Renewal Plan, including a Community Impact Assessment, and reviewing existing work around poverty through work with Poverty Alliance/Get Heard programme of engagement. Some early areas of focus have been identified and a number of projects designed to address financial insecurity and poverty are in delivery, including around food and fuel insecurity, fair work and income maximisation. An update on the plan was brought to Leadership Board in December 2021.	Head of Policy & Commissioning	31-Mar-2023	▶
CESDP21 - 01 - 20	Support Digital Inclusion, as part of the Digital Strategy The Service is leading on a number of workstreams. In terms of the smart data workstream, work is currently underway to map the use of data across the Council and to identify early opportunities to progress our approach to data management and analysis. The Digital Citizen workstream is progressing well with the establishment of a new Citizen Voices group and proposals being developed include a place based digital inclusion pilot in partnership with SCVO. Free Online Safety Ambassador training has been offered out to the community and staff in partnership with GetSafeOnline. The service is a part of the Digital Skills and Leadership workstream working towards upskilling our workforce with plans to provide more digital skills training, self-serve resources online and recruit staff digital champions. The service also co-ordinates all activities relating to the Connecting Scotland programme with almost 2000 devices secured to date to support vulnerable people living across communities.	Head of Policy & Commissioning	31-Mar-2023	▶

Creating a sustainable Renfrewshire for all to enjoy

Context	Risk Statement	Owned by	Current Controls	Likelihood	Impact	Evaluation
SRR.22.04.04 Climate, Sustainability & Adaptability Renfrewshire Council declared a Climate Emergency on 27 June 2019 and has established a Climate Change Sub-Committee to lead on this work. The actions required are potentially complex and multi-faceted, and need to be supported by organisations across all sectors, and in partnership with local communities. Actions include: pledging to work proactively with others to make Renfrewshire net zero by 2030, taking into account both production and consumption emissions; and assisting communities to become more resilient to the impacts of global warming, particularly to flooding and to drought.	The climate emergency brings a risk to Council and its communities in relation to increased extreme weather as well as food insecurity. We need to focus on mitigation and adaptation, and ensure a just transition so no one is left behind and none is disadvantaged in the transition to net zero. The Council would need to take action and support those most disadvantaged. A key risk is that the Council is not in control of all of the levers, and cannot deliver everything required in isolation, so there is a risk that others do not contribute to meet the 2030 target.	Head of Policy & Commissioning (Climate Change Working Group)	(1) The Council has used the Climate Change Assessment Tool – helps public sector organisations in Scotland self-evaluate their performance under the public sector duties of the Climate Change (Scotland) Act 2009 (2) The Carbon Management Plan has specific objectives to reduce emissions and these are included in other key documents such as the Council Plan (3) Implementation of the Corporate Asset Management Strategy ensures that property assets are managed effectively and efficiently through the provision of relevant management and performance information (4) The Energy Management Team: ensure energy management initiatives are aligned to the capital investment programme and corporate asset strategy to optimise use of property estate and reduce overall running costs and energy consumption levels. Promote reductions in energy usage and advise employees and residents about energy efficiency (5) Through the Procurement Unit, sustainability and community benefits are considered in the development of all contract strategies (6) Currently developing a plan for the Council, and Renfrewshire, to achieve net zero, to be published in 2022 (7) The Climate Change Sub-Committee of the Leadership Board - its work programme, and the appointment of a Lead Officer to lead the Programme (8) Launch of the Climate change action fund – to support a range of initiatives/feasibility to test new ways of working and to be ready to lever external funding (9) Climate Panel / Partnership Forum to support engagement and ensure all voices are heard, including traditionally underrepresented groups (10) Community Climate Fund – fund for community organisations to enable behaviour change and local green projects to make our communities more resilient	04	04	16 High

Action Codes	New Actions	Assigned To	Date	Status
CESDP21 - 04 - 02	Lead the coordination of Council-wide efforts to respond to the climate emergency and support the work of the Climate Emergency Working Group. The Climate Change Sub-Committee of the Leadership Board was established in October 2020 to provide oversight and scrutiny of the Council's activities on climate change, and specifically its progress in terms of meeting the target of achieving net zero carbon emissions by 2030. The Sub-Committee met most recently on 17 November 2021 and considered: • Progress updates in relation to the overall Climate Emergency work programme being progressed by services • Initial findings from the Climate Change survey	Head of Policy & Commissioning	31-Mar-2022	✅

	• Proposals to support the establishment of a new Community Climate Fund • A presentation from Children's Services on the learning and teaching that is taking place across Renfrewshire on climate issues, with particular input from the children and staff of St Margaret's Primary School. • A presentation from the Head of Economy and Development on climate change and planning policy. • Support for a National Climate Ambition statement that organisations across Scotland were asked to endorse prior to COP 26, following a National Leadership Summit in October 2021 • The Council's Annual Public Sector Bodies Climate Duty report for 2020/21 • Key priorities to be progressed over the next 6 month period by officers. To support this Programme a lead officer has been appointed, and in 2022 the absolute focus will be on producing the plan for net zero for the Renfrewshire Council area. The first action for this will be to determine the baseline emissions for both the Council and the council area in order to produce a route map for net zero by 2030.

Appendix 2: Corporate Risks, longer-term or imminent

✅ Working together to improve outcomes

Context	Risk Statement	Owned by	Current Controls	Likelihood	Impact	Evaluation
CRR22.05.05 **Financial Sustainability** **Financial recovery from Covid19 and ongoing Brexit impacts** - Rebuilding of financial resilience following unprecedented costs incurred in responding to the pandemic - Anticipated reduced income from NDR/CT over the medium term as full economic implications of the pandemic hit local businesses and communities - Pricing volatility and shortage of labour and materials **Best value report** - Recommendation in Best Value report to prioritise how services need to be provided in future to be funded from within available resources. **Cost & Income pressures** - Future grant settlements and the level of funding available. - Implications of national economic policy choices to protect certain services from real terms reductions in funding such as the Police and NHS - Future Local Government pay settlements and non- payroll related inflation - Demographics & demand pressures, such as an ageing population with increased associated service demands, and increases in demand for children's social care - Implications of welfare reform & poverty levels, including growth in Council Tax Reduction caseload. - Reductions in income from fee generating services such as local planning and parking; implications of the	If significant cost pressures are not successfully planned for and managed effectively over the medium to longer term, this could jeopardise the financial sustainability of the council and result in a significant impact on availability and quality of front-line services and capital investment resources.	Head of Finance & Business Services	(1) Revised Medium to Longer Term Financial Planning Strategy reassessed the various risks to the Council's short, medium- and longer-term financial sustainability. Refreshed report to Council on 30 September 2021 outlined the immediate financial concerns and plans to address these, utilising flexibilities agreed by the Scottish Government; however as the position continues to develop and evolve close monitoring will be required to ensure Council manages costs in the short term and fully appreciates the longer term consequences of actions taken to address short-term risks. Committee reports of this nature cover a wide range of current and future financial and economic factors e.g. Strategic Economic and National Policy Context, Cost Pressures, Pressures on Income and Mitigation Strategies to deal with such uncertainties. (2) A well-developed and embedded budget planning, budget setting and budgetary control system is in place throughout the organisation and this informs members and officers regarding financial performance and stability. This facilitates robust and transparent decision making and incorporates an escalation process with regards budget management issues which may arise. (3) In conjunction with the medium to longer term financial outlook and the Council's continued "Right for Renfrewshire (R4R) Programme", Renfrewshire Council has been pro-active in planning for the future by identifying and agreeing a planned release of resources. This is required to meet emerging budget pressures and is utilised in conjunction with the Council's long-term debt smoothing strategy to support the release of planned savings over a number of years; however, the pandemic has interrupted the planned delivery of savings under RFR, so the full programme has been reviewed. However it remains the case that savings will continue to require be generated at scale in order to ensure the ongoing financial sustainability of the Council. (4) There is close financial monitoring of the agreed savings to ensure they are delivered within the agreed timescales or where this is not now possible, to understand and reschedule planned delivery to achieve the associated objectives. Monitoring is undertaken via a combination of financial and operational measures, actions and related update reports. (5) Regular updates and bespoke reports are provided to CMT and the Council with regards the national fiscal position, likely developments and the impact on the council through close liaison	05	05	25 **V.High**

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national economic recovery and associated risks/uncertainty in economic factors e.g. interest rates.

Liability for predecessor organisations
- Removal of limitation period for historic child abuse
- Redress for Survivors (Historical Child Abuse in Care) (Scotland) Act/ Local Government financial contribution

with national groups e.g. CIPFA DoFs, COSLA and the Scottish Government. This liaison remains critical in ensuring the Council is aware of potential financial developments and is in a position to influence these.

(6) Levels of and use of reserves has been a key tool in addressing the costs of the pandemic, therefore the planned use of and rebuilding of reserves in the medium term, and the Council's Capital Investment and Treasury Management Strategy, are key to ensuring ongoing financial sustainability.

Other controls

(7) Reports and publications from Audit Scotland in relation to the Local Government financial outlook, financial planning and related developments and improvements are supplemented with a Renfrewshire context report, with both reports being submitted to the Council's Audit Risk and Scrutiny Board. Audit Scotland representatives have an open invite to these policy board meetings.

(8) Utilisation and energy consumption has clarified priority areas for investment in the Council's estate and this has supported and informed investment decisions and the formulation of the Council's Capital and Revenue budgets.

Action Codes	Linked Actions			Assigned To	Due Date	Status
(Continual Monitoring)						

Context	Risk Statement	Owned by	Current Controls	Likelihood	Impact	Evaluation
CRR22.05.06 **Cyber Attack** Context: ▪Review of the council's cyber environment ▪Ever increasing criminal cyber activity ▪Increasing reliance on electronic systems	While the council's cyber protections are robust, cyber-attacks are becoming more and more frequent and sophisticated, and the council could be subject to an attack such as that on SEPA, with the risk of significant impact on council service provision.	CMT	For security reasons, controls are not published in the public domain	04	04	16 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
	As agreed by the Corporate Management Team				

Context	Risk Statement	Owned by	Current Controls	Likelihood	Impact	Evaluation
CRR22.05.07 **Financial Stability** <u>Context</u>: Imminent shorter-term risk for financial stability, recognising the immediate financial situation of the Council (note: the medium to longer-term financial position is captured under financial 'sustainability')	If significant short-term costs and income losses are not closely monitored and understood, this could destabilise the finances of the council to an extent beyond the financial resilience of the Council, resulting in a need for immediate cost control measures, or short-term savings which have an immediate impact on service delivery	Head of Finance & Business Services	(1) Initial cost/income loss information across both General Fund and HRA collated to inform national position across local government has been built on and refined over a number of iterations, and continues to be updated as informed by national developments (2) Cost data gathered has included key partners in Renfrewshire Leisure and the Renfrewshire IJB, as well as smaller bodies and other delivery partners (3) Budget monitoring reports to Policy Boards have been adapted to include costs and income loss specific to the pandemic in order to highlight costs incurred and those expected over the remainder of the current financial year. Budget reports have also been adapted to focus on the forecast year end outturn position as opposed to the historic periodic position (4) Fundamental review of the Right for Renfrewshire programme has been undertaken in order to recalculate potential cost savings in year and to reprofile agreed savings, the delivery of which has been interrupted by the pandemic (5) Expert treasury management advice sought in relation to the potential for the debt smoothing strategy to deliver any further savings in the short term which would support the Council's immediate financial stability; along with consideration of other technical accounting measures which may be utilised following agreement with the Scottish Government and COSLA (6) Clear analysis of the Council's reserves position and potential for reprioritisation or redirection; including the development of plans to rebuild financial resilience of the Council in the medium term (7) Ongoing discussion with CMT to agree the financial consequences of the pandemic for each service and how these will be managed; including the use of financial flexibilities permitted by the Scottish Government in the use of existing allocated resources (8) Review of capital plan and ongoing projects to ensure clear understanding of phasing of potential spend.	03	05	15 <mark>High</mark>

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status

Context	Risk Statement	Owned by	Current Controls	Likelihood	Impact	Evaluation
CRR22.05.08 **Impact on Regulatory Services due to Covid-19 and EU withdrawal.** Context: Increased demands have been placed on Regulatory Services (Environmental Health and Trading Standards) due to Covid-19 and EU withdrawal. Resource and funding will be required to meet the current demands and ensure that statutory duties are not impacted.	There is a risk, due to the shifting legislative landscape and rapidly increasing demands on Regulatory staff arising from COVID-19 and the EU Exit on 1 January 2021 that statutory duties may not be able to be met.	Head of Communities and Public Protection.	(1) Continue with the Service restructuring as part of the Right for Renfrewshire programme. In particular, the re-modelling to ensure a strong and resilient workforce moving forward. This will also support the retention of skilled and qualified employees within the service. (2) Additional resource requested as part of financial planning process to support the service restructure process. This includes the request for £250k "unavoidables" to allow retention of key qualified employees to cover both Brexit and Covid duties. (3) Working with REHIS, Society of Chief Environmental Health Officers for Scotland and University West of Scotland, Renfrewshire Council has taken on a student from September 2021 as part of the first cohort of new trainees under a new Environmental Health course. This will lead to a larger number of EHOs to come through and replace an ageing workforce. (4) Full complement of staff who are authorised to work on all aspects of Covid-19. (5) Wider staff being trained in functions to release EHO/TSO to focus on Covid-19 or EU withdrawal work at Airport. (6) Discussions with Glasgow Airport to understand impacts of changes at Glasgow Airport from EU withdrawal. (7) Discussions with DEFRA and Food Standards Scotland on Import/Exports duties	03	05	15 High

Linked Actions		Update	Assigned To	Due Date	Status
CRR20.05.04a	Training and authorisation of staff for Covid-19 related activity	On-going training and updates following changes to legislation and guidance. Additional permanent staff (Environmental Health Compliance Officers) recruited from Scottish Government Covid funding to manage some additional workload. Authorisations review with Scheme of Delegations being reviewed early in 2022.	Communities and Regulatory Manager	31-Mar-2022	✅
CRR20.05.04b	Sitting on EU withdrawal working group (Imports and Exports) with regards to Export Health Certificates and impacts	Regular meetings with appropriate bodies to understand landscape for EU withdrawal and impacts on Renfrewshire.	Communities and Regulatory Manager	31-Mar-2023	▶

Context	Risk Statement	Owned by	Current Controls	Likelihood	Impact	Evaluation
CRR21.05.09 **Administration of Elections** <u>REMOVED</u> **after LGE 2022.** <u>Context</u>: Local Government Elections in May 2022 and the potential for by-elections (while Covid-19 conditions persist). Challenges include: ▪ ensuring a covid-safe environment for staff, candidates and electorate ▪ potential higher levels of absence across the Election Management Team and polling staff due to illness or requirements to self-isolate ▪ Legislative changes likely which will have a significant impact on the conduct of elections	Administering elections in the context of a global pandemic brings specific challenges that if not carefully managed could impact on the ability to meet deadlines and provide a covid-safe environment.	Elections Management Board	(1) Guidance from the Electoral Management Board for Scotland is always followed closely (2) Contingency Management Packs are developed as standard for all electoral events (3) Continual collaboration between Elections Management Team, Civil Contingencies, Risk Management and Health and Safety Teams to anticipate and plan for required mitigations (4) Dynamic Risk Assessment where required (5) Capacity of supply chain monitored	03	05	15

Action Codes	Linked Actions		Latest Note	Assigned To	Date	Status
To be determined as any legislative changes emerge						

Context	Risk Statement	Owned by	Current Controls	Likelihood	Impact	Evaluation
CRR22.05.09 **Commercial vehicle and operator licence compliance** <u>Context</u>: The council's vehicle fleet, managed by Environment & Infrastructure Services, comprises around 500 vehicles including heavy and large goods vehicles, light vans and cars. The council implements a range of measures to ensure ongoing vehicle operator licence compliance.	Renfrewshire Council requires its fleet of vehicles to be effectively managed, otherwise there could be sustained impact in several areas including community care, housing maintenance and repairs, streetscene operations and waste collection.	Head of Operations and Infrastructure	<u>Governance</u> (1) Training and Compliance Officer in post monitoring compliance performance and linking to inspection activity (2) Monitoring and tracking of vehicle servicing (3) Tachograph analysis system ensuring monitoring and compliance of driving staff (4) Operator Licencing Awareness Training (OLAT) conducted for all operational service managers (5) Full compliance audit report focusing on Operator Licence and Compliance completed in 2019 by Freight Transport Association (FTA) (6) Regular monitoring of Driver and Vehicle Standards Agency (DVSA) updates and controls (7) Quarterly attendance at Logistics UK (formerly FTA) and APSE Transport boards <u>Operational</u> (8) Reduction in average age of Council Fleet (9) Workshop equipment and tooling improvements	03	05	15 High

Action Codes	Linked Actions		Latest Note	Assigned To	Date	Status
(Presently monitoring compliance until such times as the risk can be reduced)						

Appendix 3: Business-as-Usual Risks

The council has 12 areas of risk that it currently considers to be business-as-usual risk; those not generally related to corporate priorities or ambitions but rather they are inherent by nature of our type of organisation and services we deliver. The table below sets out what our business-as-usual risk areas are (in no specific order), and what they cover.

BAU RISK AREA	ENCOMPASSING	BAU RISK AREA	ENCOMPASSING
1. **Community & public safety**	Child and adult protection Serious and organised crime (external)	2. **Asset management**	Statutory compliance Arrangements for void properties Fleet and other infrastructure ICT hardware and software assets and responsibilities
3. **People wellbeing & development**	Staff health and wellbeing Training and development Corporate and local induction	4. **Information handling**	GDPR compliance Information asset management Information security Records management
5. **Health, safety & managing adverse events**	Staff incident recording RIDDOR arrangements Incident monitoring and trends analysis	6. **Programme and project management**	Governance Compliance with industry standards/ adopted methods
7. **Organisation resilience**	Business continuity: - Staffing resource - ICT outage - Facility issue - Cyber security	8. **Partnership management**	Partnership registers Agreements Liabilities
9. **Financial control and governance**	Authorities and delegation Budgeting and accounting Conflict and whistleblowing Insider threat and crime Counter fraud	10. **Service performance monitoring**	Trends analysis Links to risk management and service improvement
11. **Procurement and contract management**	Standing orders Roles and responsibilities Monitoring & Performance Mgt	12. **Complaints, comments and claims handling**	Compliance Trends analysis Links to service improvement

The above areas of risk are presently being scoped out for a new assurance model and progress on this new development will be reported to the Board in the Risk Management Annual Report 2021/22.

To: **Audit, Risk and Scrutiny Board**

On: **13 June 2022**

Report by: **Director of Finance and Resources**

Heading: **Risk Management Annual Report 2021/2022**

1.   Summary

1.1   This paper presents the Risk Management Annual Report for 2021/22 (Appendix 1). The Report describes the corporate risk management activity that has taken place during 2021/2022 in relation to the council's risk management arrangements and strategic risk management objectives. It is not the purpose of this paper to report on the management of specific risks as such information is already provided separately to the Board in the Risk Report, April 2022 paper.

1.2   In exceptionally challenging times and with diminishing resources, the council continues to apply an appropriate level of risk management to prevent or mitigate the effects of loss or harm. In doing so, we recognise that good risk management contributes to the delivery of better financial outcomes, business objectives, better project success rates, achievement of targets and fewer unexpected problems.

1.3   We purposefully promote an environment that is risk 'aware' rather than risk 'averse' and strive to place risk management information at the heart of the key decisions that we make. This means that we can take an effective approach to managing risk in a way that both addresses our significant challenges and enables innovation.

2.   Recommendations

2.1   It is recommended that the Board considers the content of the Annual Report and notes the significant contribution that it makes with regards to the council's corporate governance arrangements.

3.   **Background**

3.1   In keeping with the 'Scheme of Delegated Functions' a Risk Management Annual Report is provided to the Audit, Risk and Scrutiny Board each year for consideration. The report supports the council's code of corporate governance and seeks to provide assurance to stakeholders (internal and external) concerning the risk management arrangements applied during 2021/2022.

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Implications of the report

1.   **Financial** – not relevant to report recommendations

2.   **HR & Organisational Development** – not relevant to report recommendations

3.   **Community/Council Planning** – effective risk management supports the delivery of all community/ council plan outcomes

4.   **Legal** – not relevant to report recommendations

5.   **Property/Assets** – not relevant to report recommendations

6.   **Information Technology** – not relevant to report recommendations

7.   **Equality & Human Rights** – not relevant to report recommendations

8.   **Health & Safety** – not relevant to report recommendations

9.   **Procurement** – not relevant to report recommendations

10.   **Risk** – as per the subject matter of this report

11.   **Privacy Impact** – not relevant to report recommendations

12.   **Cosla Policy Position** – not relevant to report recommendations

13.   **Climate Risk** – not relevant to report recommendations

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List of Background Papers

(a) Non applicable – reports provided on a year-by-year basis

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Appendix 1

Risk Management Annual Report

2021 - 2022

Document Title:	Risk Management Annual Report 2021/2022		
Service:	N/A	Lead Author	Risk Manager and the Corporate Risk Management Group
Date Effective:	13 June 2022	Review Dates:	Not applicable

CONTENT

Document Title:	Risk Management Annual Report 2021/2022		
Service:	N/A	Lead Author	Risk Manager and the Corporate Risk Management Group
Date Effective:	13 June 2022	Review Dates:	Not applicable

1. Introduction

1.1 The Risk Management Annual Report is provided to the Audit, Risk and Scrutiny Board each year in keeping with its delegated function of considering the corporate risk management annual report. The Report describes the corporate-led risk management activity that has taken place during 2021/22 in relation to the council's risk management arrangements and strategic risk management objectives. The Report does not cover the management of specific risks as such information is already provided separately to the Board in the Risk Report, April 2022 paper.

1.2 In exceptionally challenging times and with diminishing resources, the council continues to apply an appropriate level of risk management to prevent or mitigate the effects of loss or harm. In doing so, we recognise that good risk management contributes to the delivery of better financial outcomes, business objectives, better project success rates, achievement of targets and fewer unexpected problems.

1.3 We purposefully promote an environment that is risk 'aware' rather than risk 'averse' and strive to place risk management information at the heart of the key decisions that we make. This means that we can take an effective approach to managing risk in a way that both addresses our significant challenges and enables innovation.

1.4 This annual report supports the council's corporate governance arrangements and seeks to provide assurance to stakeholders (internal and external) concerning the organisational risk management arrangements applied during 2021/22.

2. Risk Management Framework 2021/22: Overview

2.1 Below is a brief overview of the key components of the council's risk management framework. Thereafter sections 3 to 7 of this report expand on each component and highlight specific points relevant to 2021/22 developments.

(1) **Infrastructure/ enablers**
At the heart of the council's risk management arrangements are the strategic risk management objectives, the risk management policy and strategy and the strategic risk management development plan. Also embedded within the infrastructure are the communications systems in use for risk management information, including Pentana, the Intranet and the key policy boards and groups such as the Corporate Management Team and Corporate Risk Management Group that have a specific role in risk management.

(2) **Process**
A cyclical process for risk assessment, treatment, communication, monitoring and review of risk using a standardised risk matrix. The process and supporting matrix continue to enable a consistent approach to risk management throughout the council, set within the context of the council's capacity and tolerance for risk, sometimes also referred to as 'risk appetite.'

(3) **Application/ results**
Risk management is not viewed as an isolated function or practice but is applied to other key business processes of the council, including service planning, financial planning, performance management, procurement, project management and partnerships. Applying risk management at the right time and in the right way is key to risk management adding value to the organisation and delivering tangible results.

(4) **Reporting and monitoring**
Reporting and monitoring arrangements, including individual and group roles and responsibilities for risk management, are defined in such a way as to ensure a suitable flow of risk management information throughout the council and an appropriate level of monitoring and scrutiny relating to the effectiveness of the risk management arrangements in place and progress being made in relation to activity linked to strategic and corporate risk registers and service risk management plans.

(5) **Risk management function**
For the risk management framework to be effective, it must be underpinned by training, guidance and ongoing development activity which raise awareness of how to implement good risk management practice across the council. This aspect of the framework informs the workplan of the corporate risk management function under the responsibility of the Director of Finance and Resources.

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3.   Risk Management Infrastructure/ Enablers

3.1 Risk Management Policy and Strategy

In March 2021 'Risk Matters – the next level,' the combined risk management policy and strategy was revised and approved by the Audit, Risk and Scrutiny Board[1].

In previous iterations of Risk Matters there had been incremental changes year on year as risk policy and strategy evolved over time, with Risk Matters continually being well embedded throughout the organisation and well supported by all service departments.

In the revised Risk Matters, the council's risk management vision, and risk categories were updated from April 2021 as follows:

Our vision
Good risk management practice will be embraced as an enabler of success, whether in times of social, financial and economic recovery, managing ongoing significant and 'business as usual' challenges or in pursuing opportunity and innovation.

Our risk categories
- Strategic risks are outward in focus and represent threats or opportunities linked to the Community Plan outcomes and our two-year economic and social recovery strategies
- Corporate risks are inward in focus and represent threats or opportunities linked to the Council Plan outcomes and our two-year financial recovery strategy
- Business as usual risks – a new category for those that are not generally related to corporate priorities or ambitions but rather, are inherent to our organisation simply by default of the type of organisation that we are.

3.2 Strategic Risk Management Objectives

The council has historically based its self-assessment of its risk management arrangements on the ALARM[2] National Risk Management Performance Assessment Model. The risk management objectives are derived from this model.

The strategic risk management objectives remain relevant and continue to form the basis of the Strategic Risk Management Development Plan.

Strategic Risk Management Objectives

Enablers

(1) Leadership and management: Ensuring that our Members, Directors and Senior Managers fully support and promote risk management

(2) Policy and strategy: Ensuring that our policy and strategy remain fit for purpose and maintain a consistent approach to the management of risk and increasing its effectiveness

(3) People: Ensure that our people are equipped and supported to manage risk well

(4) Partnerships and resources: Ensuring that we have effective arrangements for managing risks in partnerships and resourcing risk management activity

(5) Processes: Ensuring that our risk management processes are effective in supporting the business activities of the council

Results

(6) Risk handling and assurance: Ensuring that risks are handled well and that the council has assurance that risk management is delivering successful outcomes and supporting innovation

(7) Outcomes and delivery: Ensuring that risk management does contribute to achieving positive outcomes for the council

3.3 Strategic Risk Management Development Plan
The Strategic Risk Management Development Plan (SRMDP) explicitly sets out the development activity that supports the strategic risk management objectives aligned to our risk policy and strategy. The SRMDP will usually be realistic, stretching but usually achievable; it is designed to allow the Corporate Risk Management Group to focus on strategic priorities and actions while

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[1] Risk Matters is reviewed formally every two years by Board with an interim annual review conducted by the Corporate Risk Management Group.

[2] 'ALARM' is the public sector risk management association

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at the same time allows individual members (representing their service departments) to consider operational implications and requirements for supporting the objectives.

Historically, progress against the Strategic Risk Management Development Plan (which runs in two-yearly cycles), would be monitored quarterly by the Corporate Risk Management Group however plans were paused for a number of reasons including, but not limited to, the significant tender exercise in 2021 to put in place all the council's insurance policies (see 4.2 for more information)

A new SRMDP will be developed for 2022/2024 to reflect the work to be undertaken to embed a new model for handling risks in the new business as usual risk category (see 5.5 for more information). Any incomplete actions from the expired SRDMP will be rolled forward into the new plan where still appropriate.

3.4 The Corporate Risk Management Group
The revised Risk Matters approved by Board in March 2021 brought in a new and refreshed role for the Corporate Risk Management Group from April 2021 onwards. Making better use of technologies available, the Group's activities are now not so much driven by meeting schedules but rather, use MS Teams 'channels' more effectively, enabling more dynamic conversations and activities in relation to risk management. Meetings do take place to check that risk owners are updating their risks and key milestones are met, such as reporting to Board, and where joint discussion and debate is required on corporate initiatives or on activities to support the Strategic Risk Management Development Plan. A key task for the Corporate Risk Management Group going forward will be undertaking 'control deep dives.' It is important to strike the right balance between too little control and over control of risk. Control deep dive is a valuable exercise which involves detailed investigation of specific risk controls known to be in place, where we can explore in depth how much value each control brings to managing the related risks and this helps provide assurance that risk control is proportionate to risk or identify where risks are materially over or under-controlled. Control deep dive therefore adds further value to decision-making on risk and better supports the council in implementing effective risk management arrangements.

3.5 The Intranet
The intranet continues to be a key tool for communicating and providing risk management information and guidance to all staff with access to it. The Intranet risk management pages provide access to 'Risk Matters' and a range of supporting guidance documents and templates as well as contact details for the risk management and insurance service.

4.   Risk Management Process

4.1 The standardised process for risk management within the council remains fit for purpose. The table below summarises the guidance which accompanies the process. Applying this process in all aspects of business helps officers to manage their activities and pursue opportunities in a way that helps achieve objectives and prevent loss or harm.

Establish the context	Services consider risk in terms of context such as key themes and objectives, service priorities, operational activities or projects, longer-term or shorter-term objectives.
Identify risk	Services carefully define their risks in such a way as to be clear about the situation presented (opportunity, activity, service change, problem or challenge) and the consequences that may flow from it. We have started using risk 'bowtie' analysis which employees are finding very visual and helpful in understanding risk.
Analyse risk	Services analyse risk in terms of likelihood of occurrence and should it occur, its potential impact using the standardised risk matrix.
Evaluate risk	Services evaluate risk in terms of significance, being either 'low', 'moderate', 'high' or 'very high' and compare this with the council's capacity and tolerance for risk.
Treat risk	Services consider a range of options when deciding on the most appropriate way to address their risks, either through measures to terminate; transfer elsewhere (such as through insurance); tolerate as it is; or, treat with cost effective measures to reduce it to a level where the exposure is acceptable or tolerable for the council in keeping with its capacity and tolerance for risk.

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	Note: in the case of opportunities, services may 'take' an informed risk in terms of tolerating it if an opportunity is judged to be (1) worthwhile pursuing and (2) the service is confident in its ability to achieve the benefits and justify the risk.
Monitor and review risk	Services are aware that once a risk assessment has been undertaken it is necessary to continue to monitor and review the risk for changes in context or the measures that are in place to control it.
Communicate and consult	Services are aware that it is good practice for at least two officers with relevant subject knowledge to undertake risk assessment (in consultation with other officers if necessary) with the key outcomes of the risk assessment process communicated to relevant persons (such as using the risk implications section on Board papers).

4.2 Related to 'treat risk' outlined above, a key area of success was the outcome of the procurement of the council's insurance policies to cover its known assets and liabilities. It is essential that the council engages insurers who understand the public sector in general, but also specifically Renfrewshire's present ambitions and challenges. The council has to balance ensuring sufficient cover with an acceptance of retaining some insurable risk (policy excesses) for a trade-off of affordable premium. Putting the council's risks into a difficult market and securing excellent insurers at reasonable prices was a significant undertaking in 2021 involving months of work and information gathering across the whole council. A very successful outcome was achieved, and, against the general trend in the insurance market, the council achieved significant savings at policy inception on 1 November 2021. The new insurance contracts are in place for 3 years with options to extend for two further periods of two years each.

5.   Risk Management Application/ Results

5.1 For risk management to truly add value for the organisation, it needs to be applied across the range of business processes in operation throughout the council and all its service departments. This section provides an outline of how this happens in practice across a range of business practices.

5.2 Risk management continued to be a key component of the council's **programme and project management** arrangements meaning that if risks are proactively addressed through each stage of a project, the outcomes are more likely to be achieved on time and within the planned budget.

5.3 Each service continues to monitor their risks and refresh their risk registers annually taking account of the service priorities and **service improvement plans**. This means that risks relating to the service priorities are proactively addressed and services are more likely to achieve their priorities and outcomes as planned.

5.4 Each year, services bring to the attention of the Director of Finance and Resources any areas of unavoidable cost pressures they are experiencing. During this process services can highlight instances where cost pressures relate to risks, and this supports effective decisions to be made in **financial planning**.

5.5 New in 2021 has been the commencement of development work to support better **assurance** around how business as usual risks are handled. It is often the case that it is the specialists for various subject matters in the council that develop the tone, policies and procedures that should be adhered to across the council. These specialisms are often referred to in risk management terms as an organisation's 2nd line of defence. The 1st line of defence relates to how the policies and procedures are played out in practice by colleagues and services at the front line. What the new risk assurance model will deliver is a question set for each area of risk that will explore how well the risk controls are embedded at the front line. Short life working groups have now been identified and are in the process of being set up to develop the practical assurance question sets for each area of risk. This is an exciting area of development for the council with feedback from external risk consultants describing it as 'trailblazing.'

6.   Reporting and Monitoring

6.1 The governance arrangements in place during 2021/22 have continued to ensure clear lines of accountability for risk management and continue to enable a suitable flow of risk information throughout the council. The Audit, Risk & Scrutiny Board previously received a progress report on risk in January 2022.

6.2 Each service has a representative on the Corporate Risk Management Group (CRMG). The CRMG has overseen the 2021/22 strategic and corporate risks, monitoring progress. Services have taken ownership of their risks with processes being followed for reporting, and where necessary 'escalation' of significant

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risks to the Corporate Risk Management Group. All five service departments submitted their risk data on time for the progress report to the Audit, Risk and Scrutiny Board as planned.

6.3 In terms of monitoring performance in risk management the council historically participated in the ALARM/ CIPFA[3] benchmarking club, using the ALARM National Risk Management Performance Assessment Model. CIPFA have however now withdrawn this benchmarking club so future assessment options remain to be considered. The Performance Assessment Model nevertheless still exists and describes an organisation's risk management maturity as:

▪ Level 1 Awareness	▪ Level 2 Happening	▪ Level 3 Working	▪ Level 4 Embedded and integrated	▪ Level 5 Driving

The council aims for level 4, to demonstrate maturity where risk management is consistently 'embedded and integrated' while also being able to demonstrate examples of where risk management information is driving the key policy decisions of our organisation. The council performs at Level 4.

6.4 Key Performance Indicators have been implemented and monitored by the Corporate Risk Management Group, however going forward new indicators will be developed that better reflect the revised risk policy and strategy. This will follow on from the work outlined at 5.5.

7.   Risk Management Function/ Training and Development

7.1 The council's Risk Management Training Strategy ensures that we are clear about the council's expectations as to the degree of risk management knowledge required across a range of roles within the council, and the risk management training and development solutions that are available and should be accessed through the council to enable competence and capacity to manage risk within those roles. Due to covid restrictions that remained in place during 2021, face to face training was not an option but the Risk Manager responded with 1-to-1 sessions for colleagues where these were required for personal development, and also narrated training slides on the new risk policy and strategy, to support the council's new leadership development programme.

7.2 In normal times, in-house training and development in risk management opportunities include:

▪ Risk management sessions available via the council's insurers
▪ Risk Management Course (½ day in-house)
▪ Topical sessions for Elected Members (on request)
▪ Project Risk Management Workshops (in-house as required)
▪ Internal audit training programme (in-house through the Audit, Risk and Scrutiny Board)
▪ Risk Management iLearn course (in-house, 45 mins)
▪ ad hoc support, advice or training as requested

7.3 Ad hoc support, advice or training requests continue to be met so far as reasonably practical. Some of these involved the council's insurance broker, for example in relation to insurance requirements for the cultural infrastructure projects and City deal projects.

7.4 To continue to provide evidenced based training, development and advice for the council, the council's Risk Manager maintains continued professional development in her field and is qualified to Masters Level (MSc in Risk Management awarded by Glasgow Caledonian University).

7.5 Through membership of a number of groups that include ALARM (the Public Risk Management Association), and the ALARM Scotland Group, the Risk Manager keeps abreast of risk management developments and best practice in other public-sector organisations and local authority areas. The Risk Manager now sits on the ALARM Board and is presently serving as President-Elect (shadowing the President for 2 years). This role means greater development opportunities that will in turn serve the council well.

7.6 Through the council's contracts with Insurers and Insurance Brokers, the Risk and Insurance Team keep up to date with developments in the insurance sector in order to ensure that the council's interests are protected.

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[3] Chartered Institute for Public Finance and Accountancy.

Document Title:	Risk Management Annual Report 2021/2022		
Service:	N/A	Lead Author	Risk Manager and the Corporate Risk Management Group
Date Effective:	13 June 2022	Review Dates:	Not applicable

8. Conclusion

8.1 This Report has provided an overview of risk management arrangements and activity relating to 2021/22 in regard to the council's corporate-led risk management approach. It is intended that the report provides assurance to the Board.

Document Title:	Risk Management Annual Report 2021/2022		
Service:	N/A	Lead Author	Risk Manager and the Corporate Risk Management Group
Date Effective:	13 June 2022	Review Dates:	Not applicable

Renfrewshire Council

To:	Audit, Risk and Scrutiny Board

On:	13 June 2022

Report by:	Chief Executive

Heading:	Accounts Commission – Local Government in Scotland – Overview 2022

1. Summary

1.1 Each year Audit Scotland prepares a report on behalf of the Accounts Commission which provides a high level, independent view on the challenges facing councils in Scotland and how they are performing. The 2021 report had a particular focus on the impact of Covid-19 on Scottish local authorities, and this is continued in the 2022 report, published at the end of May 2022. The Overview Report is included as Appendix 1 to this document.

1.2 The Local Government in Scotland – Overview 2022 report covers a period of frequent change, from March 2021 to February 2022. That period included peaks of infection and changes to restrictions, and the beginning of recovery and renewal rather than response. The report focuses on how the pandemic has impacted the way in which councils organise themselves and manage resources, and on how they have adapted to address local needs. A number of case studies are included to show how different councils have dealt with the many challenges arising. Renfrewshire Council's Community Impact Assessment is highlighted as a case study.

1.3 In the key messages from the report, Audit Scotland acknowledge that councils have had a very challenging year, managing a range of complex external factors including the pandemic, the climate crisis and the UK's departure from the EU whilst also dealing with longer-term issues such as demographic shifts. The report draws on lessons learned from the pandemic response to highlight positive aspects which can be built on to further improve services and outcomes.

1.4 This report sets out a brief summary of the Audit Scotland overview and of Renfrewshire Council's current approach to tackling the challenges discussed.

2. Recommendations

2.1 It is recommended that the Audit, Risk and Scrutiny Board:
- Note the contents of this report;
- Note the contents of the Audit Scotland overview included as Appendix 1.

3. Background

3.1 In May 2022, Audit Scotland published its annual 'Local Government in Scotland: Overview 2021' report. As with the previous year's overview, this focuses on the impact of the pandemic in particular. It presents six key messages and provides detailed consideration and recommendations on two themes – organising the council and meeting local needs. It also highlights the large-scale and complex changes to councils' external environment.

3.2 The six key messages presented are:
- Councils have had a very difficult year;
- The challenging context means collaborative leadership is more important than ever;
- Pressure on the local government workforce continues;
- The impact of the pandemic and service disruption has been felt more strongly by those already experiencing inequality;
- The early response showed what could be achieved by working closely with communities and the voluntary sector; and
- Improvements are needed in data availability, tools and skills to support performance monitoring, strategic decision-making and planning service improvements.

3.3 Rather than focus directly on the pandemic in considering the external environment, the report considers how this has exacerbated long-standing demographic and financial pressures. The fall in life expectancy is noted, and the report predicts that the current cost of living crisis will impact negatively on child poverty rates and on the number of households experiencing fuel poverty. Audit Scotland expect this in turn to impact on demand for council services. However, they note that the approaches taken during the pandemic response – strong partnership working, more community engagement and a focus on vulnerabilities – will be of value in tackling these issues.

3.4 Audit Scotland also note the impact of three other major external events:
- The UK's departure from the EU, which is impacting on supply chains but also on funding streams whilst new funds are established to replace the EU Structural Fund;
- Proposed social care reform, in the shape of plans to establish a National Care Service for Scotland;
- Climate change, and the importance of having clear plans for reducing and mitigating the impact of this.

3.5 The report makes some reference to inflationary pressures, rising prices, supply chain challenges and the cost of living crisis, but the impact of that is not addressed in any detail for this year.

3.6   The remainder of the Audit Scotland report focuses on the two key themes. Each of these has sub-themes and a set of recommendations.

4.   Theme 1 – Organising the Council

4.1   In considering how councils organise and operate, Audit Scotland have considered the leadership of recovery and renewal, the management of resources, and the management of workforce.

4.2   The first element considers how councils responded to the pandemic and how this is reflected in planning and decision-making. Renfrewshire Council is highlighted as a case study for the Community Impact Assessment undertaken, which shaped the development of the Social Renewal Plan.

4.3   Audit Scotland highlight the important role that recovery plans have played and note that incorporating these into refreshed strategic plans can help councils move from a response phase to a renewal phase, incorporating the lessons learned and new ways of working into a "roadmap for the future". The report again highlights the importance of transformation programmes as well as the need for recovery actions to be linked to improved outcomes. The report makes the point that recovery and renewal are about responding to new local needs rather than returning to the status quo.

4.4   The report states that collaborative leadership was an important element in responding to Covid-19 and also asserts that this be maintained in order to meet current challenges. Seven enabling features of pandemic leadership are highlighted:
- Communicative;
- Collaborative;
- Emotionally intelligent;
- Data-driven;
- Agile and flexible;
- Culture-focused; and
- Enabling community empowerment.

4.5   One risk that is highlighted in the report is the relatively high turnover in senior officer and political roles. This could result in a loss of momentum and of organisational knowledge and disrupt decision-making.

4.6   Audit Scotland consider there to be a lack of information nationally, generally, about demands for and backlogs in council services, about progress with recovery and renewal actions, and about plans for service changes as recovery continues. They note that the collection and reporting of performance data has been disrupted by the pandemic but see greater and better use of data as key to strategic decision making.

4.7   The pandemic impacted significantly on the financial position of all Scottish councils and this was reflected in the Audit Scotland report 'Local government in Scotland: Financial overview 2020/21'. There were additional costs to be borne as well as a loss of income, though it is noted that most councils reported a surplus in the year due to additional funding from other

tiers of government. Audit Scotland consider this to be a somewhat artificial position due to restrictions on how funding can be used, and note a real terms funding reduction for local government since 2013/14. The report also notes the challenges of financial planning in the absence of multi-year budget settlements for councils.

4.8   Audit Scotland believe that councils should review long-term financial plans to reflect current circumstances and take account of recovery approaches. It also notes the importance of transformation programmes to maintaining financial sustainability. As well as suggesting that such change programmes restart, Audit Scotland also note that capital investment has a role to play in post-pandemic recovery as well as in addressing some of the climate impacts councils face. This is within the context of ongoing supply-chain issues.

4.9   The ongoing discussions between COSLA and the Scottish Government regarding local government finance are referenced several times in the report. As noted in paragraph 4.2 above, this includes discussion of multi-year settlements. It also includes consideration of ring-fenced funding. It is noted that whilst this ring-fencing has supported the delivery of key national priorities (such as the expansion of early years provision), it does reduce the proportion of funding which is subject to local discretion.

4.10   The section dealing with managing the workforce focuses heavily on staff absence and wellbeing. Although absence levels across Scottish councils fluctuated, they have tended to remain above the pre-Covid average since March 2020. The pandemic is stated to have exacerbated existing skills shortages, and Brexit is also contributing to this. Areas of pressure exist in facilities management, HGV driving and social care. The report cites a survey which found that 56% of councils are finding it challenging to recruit to senior management positions.

4.11   Audit Scotland note that the pandemic has made workforce planning more difficult but also more necessary. The shift to home-based working is likely to have a long-term impact on how councils work but future models of working will need to be tested, and staff consulted.

4.12   The section on Organising the Council concludes by setting out nine recommendations covering governance, collaborative leadership, planning (strategic, financial and workforce), the use of data, and learning the lessons of the pandemic.

4.13   Renfrewshire Council is already progressing some of the suggested actions. The new Council Plan, which will be presented to elected members in September 2022, will incorporate the work currently being progressed through the Economic Recovery Plan and Social Renewal Plan. It will also have a refreshed approach to performance management. A new Employee Wellbeing Strategy is in development and staff engagement is a key feature of ongoing work to embed new ways of working. A number of workstreams are in place to support ongoing long-term financial stability and sustainability. The Right for Renfrewshire transformation programme continued to deliver on Phase 1 changes during the pandemic and is now being reviewed ahead of Phase 2 to ensure it remains fit for purpose in the new context.

5. **Theme 2 – Managing Local Needs**

5.1 The first element of this theme focuses on how Covid-19 has disproportionately impacted those individuals and communities which were already experiencing inequalities. Examples of how this affects demand for council services nationally include the increase in the volume of applications for support grants, and from delays in carrying out repairs as a result of backlogs from when services were not permitted to access properties.

5.2 The benefits of moving to digital delivery as an alternative to temporarily stopping service delivery are seen as being clear by Audit Scotland, but unequal access to an internet connection and digital devices is highlighted as a challenge and a risk. The importance of engaging with communities on this is stressed.

5.3 The report highlights that national data is emerging to show that there has been a negative impact on educational attainment, on care at home services, and on unpaid carers as identified by Audit Scotland. There has been an increased risk of social and economic harm for those on low incomes, for women, for those from minority ethnic communities, for older people and for people with disabilities. Evidence is emerging of the impacts on children and young people – of increase in developmental delay, worsening mental health, and more children presenting with additional support needs. Audit Scotland believe that all councils need to consider the impact of disruption to services and assess and address the longer-term impacts. As noted earlier in the report, they highlight the potential for pandemic-response approaches (collaboration with third sector and communities etc) as a means of tackling these challenges. The need for data to support the understanding of issues and the success of possible solutions is also restated.

5.4. The second element of this theme builds on those messages to focus on collaboration and communities. Audit Scotland have already produced a report looking at the impact of the pandemic on community empowerment and identified many positives. They now find that, in general, there needs to be greater community input into recovery planning.

5.5 Increased demand for third sector services, coupled with uncertainty for many over future funding, could present a risk for future service delivery.

5.6 Four recommendations are presented within this theme. They cover digital exclusion, a continuation of the strong partnership working from the early phases of the pandemic, and the need for improved use of data.

5.7 As noted in paragraph 4.2, Renfrewshire Council carried out a Community Impact Assessment in order to inform recovery planning and has recently followed this up with a survey to our Public Services Panel. This will help the understanding of how needs are changing. The Community Plan is currently being refreshed in order to reflect how much has changed in recent years, and on the added value that can be brought to work on recovery and renewal through collaboration. The Council's Digital Strategy has a clear focus on digital exclusion and sets out how this can be tackled through direct provision of technology and connectivity, and by upskilling.

6.   Next Steps

6.1   Overview reports such as this are very useful in understanding national trends and reflecting on whether there is local variation. The findings of this support will support the council's continuous improvement agenda and will be considered alongside other external evaluations such as Best Value assurance reports and reviews undertaken by bodies such as the Improvement Service and the Care Inspectorate.

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Implications of the Report

1.   **Financial –** Local Government approach to financial sustainability is highlighted in Audit Scotland's report.

2.   **HR & Organisational Development –** Local Government approach to workforce planning and organisation development are highlighted in Audit Scotland's report.

3.   **Community/Council Planning –** Recommendation in Audit Scotland's report.

4.   **Legal** – none

5.   **Property/Assets –** none

6.   **Information Technology –** none

7.   **Equality & Human Rights -** The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only.

8.   **Health & Safety –** none

9.   **Procurement –** none

10.   **Risk –** none

11.   **Privacy Impact** – none

12.   **COSLA Policy Position –** Audit Scotland's report references the ongoing work by COSLA around local government funding.

13.   **Climate Change –** climate change and the need for mitigating actions is highlighted in the Audit Scotland report as a priority area for local government.

List of Background Papers: none

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Local government in Scotland
Overview 2022

ACCOUNTS COMMISSION

Prepared by Audit Scotland
May 2022

Who we are

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees

- assessing the performance of councils in relation to Best Value and community planning

- carrying out national performance audits to help councils improve their services

- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission

Contents

Key messages

1. Councils have had a very difficult year

Alongside the ongoing response to the pandemic, councils have faced challenges in recovering services, dealing with increased demand and backlogs, and meeting community needs and expectations. This has taken place against a backdrop of long-standing pressures such as increased demand from an ageing population and rising poverty.

2. The challenging context means collaborative leadership is more important than ever

Councils are operating in a difficult and uncertain strategic context and face longer-term financial pressures, a lack of certainty and flexibility over long-term funding, and the prospect of major service reforms. This challenging context needs local government leaders skilled in effective strategic thinking, decision-making and collaborative working, and able to learn lessons from new ways of working. Collaborative leadership is more important than ever as councils work with partners, communities, and citizens to support recovery and improve outcomes.

3. Pressure on the local government workforce continues

Councils are continuing to experience high absence levels. Impacts on staff wellbeing and skills shortages, particularly in front-line workers, have also been noted. A resilient workforce is critical to the ongoing response to Covid-19 and the recovery of services. Workforce plans will need to be updated, considering lessons learned from new ways of working. Wellbeing support for the workforce must also continue.

4. The impact of the pandemic and service disruption have been felt most strongly by those already experiencing inequality

Councils have worked hard and adapted to maintain service delivery but not all services are back at pre-pandemic levels so those most in need of support are still being affected. Councils must evaluate these impacts so that recovery and renewal supports those most affected and addresses inequalities. Recovery and renewal should also reflect the wider ambitions of the public service reform agenda.

5. The early response showed what could be achieved by working closely with communities and the voluntary sector

This momentum may be lost if communities and the voluntary sector are not involved in shaping recovery. Flexible governance and decision-making structures will be needed, as will opportunities for more local participation.

6. Improvements are needed in data availability, tools and skills to support performance monitoring, strategic decision-making and planning service improvements

Data has been important in guiding the response to the pandemic but there are key areas where a lack of data could hamper recovery, such as unmet needs, service demands and backlogs. Data is a key tool in tackling inequality but there are gaps in equality data, particularly at a local level.

Key facts

32
Councils

5.5 million
People served by councils

213,000
Workforce
Local government workforce FTE Q4 2021. 2.4 per cent increase since Q4 2020

£13.8 billion
Budget
Net expenditure budget for 2021/22

1.3 million
Covid-19 cases
Cases between Mar 2021 and Feb 2022

£0.5 billion
Lost income
Estimated loss of income from customers and clients in 2020/21

Inequality

24 years less	Healthy life expectancy in most deprived areas compared to less deprived areas
24.3 per cent	Children living in poverty in 2019/20 (most recent year available)

Financial hardship

8.8 per cent	Rent arrears as a per cent of rent due at Dec 2021. Up from 7.3 per cent in 2019/20 (pre-pandemic)
132,435	Claimant count Feb 2022. Still above pre-pandemic levels

Support

30 per cent	Increase in Discretionary Housing Payment budget since 2019/20 (pre-pandemic)
£600 million	Value of business support grants administered 2021/22
56,205	Self-isolation grants awarded at end Nov 2021 (started 12 Oct 2020)
491,016	Number of Helpline calls and texts (includes Test and Protect), Mar 2021 to Feb 2022

Timeline

Covid-19 restrictions and key events between March 2021 and February 2022

March ---- **April** ---- **May** ---- **June** ---- **July** ---- **August** →

3rd - Support
UK Gov. announce furlough and Universal Credit uplift extended to September

12th - Restrictions
Easing of level 4 restrictions, incl. two households can again meet outdoors

15th - Education
All remaining primary school children return to school full-time, with secondary school pupils returning part-time

2nd - Restrictions
Stay at Home regulations lifted, replaced with guidance to Stay Local

16th - Restrictions
Further easing of restrictions on outdoor socialising, six people from six households can meet outdoors

19th - Education
All school pupils return full-time except those shielding

26th - Restrictions
All Scotland moves to level 3. Hospitality and public buildings can reopen eg, libraries, leisure facilities

17th - Restrictions
All Scotland moves to level 2 except Glasgow and Moray. Indoor mixing of up to six people allowed and exercise classes resume. Most islands move to level 1

21st - Restrictions
Moray moves to level 2

3rd - Education
SG announce Education Scotland and SQA will be reformed

5th - Restrictions
Glasgow moves to level 2. 15 councils move to level 1 and islands to level 0

24th - Covid-19
powers extended by Parliament

18th - Milestone
All adults received or offered first dose of vaccine

19th - Restrictions
All Scotland moves to level 0, physical distancing measures still in place

23rd - Self-Isolation
exemption for critical staff

29th - Support
SG announce £1 million funding for nine projects supporting carers and disabled people

9th - Restrictions
All Scotland moves beyond level 0 with all venues able to reopen, physical distancing and limits removed

25th - Support
£14 million fund for NE economic recovery and skills announced

Timeline continued

September ---- October ---- November ---- December ---- January ---- February →

10th - Libraries
SG launch fund to help libraries reopen

15th - Social Care
Named visitors allowed into care homes during Covid-19 outbreaks

30th - Support
End of UK Gov. furlough

5th - Education
SG publish Education and wider Covid-19 recovery strategies

7th - Support
SG announce £1.6 million funding to help councils support people affected by psychological trauma and adversity

19th - Education
School mitigations remain in place

29th - Support
SG announce £41 million Winter Support Fund for low income families

29th - Milestone
First Omicron cases detected in Scotland

11th - Restrictions ⬆
10-day self-isolation reintroduced

14th - Restrictions ⬆
New guidance recommends reducing social interactions indoors to three households and restrictions on care home access

17th - Restrictions ⬆
New guidance on limiting Omicron takes effect for businesses, care homes and school and childcare settings

17th - Support
SG launch new £25 million regeneration capital fund to support disadvantaged communities

27th - Restrictions ⬆
Further restrictions due to Omicron

3rd - Education
All high school pupils asked to take lateral flow tests (LFT) before returning to school. Mitigations still in place in schools

6th - Restrictions ⬇
Self-isolation reduced from 10 to 7 days with LFT

20th - Social care
New guidance for care homes issued, reducing isolation periods

24th - Restrictions ⬇
Restrictions for hospitality, leisure and events removed

31st - Restrictions ⬇
Businesses can resume hybrid working arrangements

1st - Education
SG confirms senior phase exams will go ahead in spring

2nd - Social care
SG announce £1 million fund to support social care staff wellbeing

9th - SG extend expiry date for statutory Covid-19 powers to September

28th - Education
High school pupils and staff no longer required to wear face coverings in classrooms

Source: SPICE (Scottish Parliament Information Centre), Scottish Parliament

Background

Reporting on the impact of Covid-19 on local government

Our strategic approach to covering Covid-19 in local government overview reporting

1. In August 2020, we set out a strategic medium-term approach to reflect Covid-19 in future local government overview reporting.

2. The first report in the series, Local government in Scotland: Overview 2021, considered the initial response phase of the pandemic from March 2020 to February 2021. This included:

- the initial emergency response and the impact on council services, how councils and their workforce were working in new ways, and how collaboration with communities and partners had been vital
- the continued financial challenges councils face, and how councils were starting to plan for recovery and learn lessons from responding to the pandemic.

3. Future reporting will cover further progress towards recovery and renewal and examine the longer-term impact of the pandemic.

4. An in-depth financial overview of the sector complements each local government overview. This year's report, Financial overview 2020/21, was published in March.

This report:

- is the second in the series of reports that reflects the evolving and long-term nature of the impact of the Covid-19 pandemic
- considers the second year of the pandemic from March 2021 to February 2022, with data and information correct as at the end of February 2022. We attempted to use this timeframe for all data but where it was not possible the most recent available was used instead
- builds on last year's overview report and assesses:
  - the ongoing impact of Covid-19 and councils' progress towards recovery and renewal
  - how councils are positioned to address long-term priorities including climate change, inequality and public service reform
  - how effectively council leadership is managing recovery and renewal
- includes exhibits and case studies throughout to illustrate issues and practice across councils
- The findings of this report are drawn from the range of local and national audit work carried out during the year as well as specific research and analysis of available data and intelligence.

Progress towards recovery and renewal

Councils have had a difficult year. Alongside continuing to respond to Covid-19 they have been planning and recovering services and renewal in an increasingly complex and uncertain environment.

5. As we began scoping this year's overview, we hoped that the second year of the pandemic would be about recovery and returning to normal. That has not been the case. Covid-19 has continued to have a significant impact on all aspects of daily life.

6. Councils too have had a difficult year. They have moved on from the immediate emergency response of year 1, but they have had to continue to respond to Covid-19 – managing restrictions and mitigation measures, providing support to communities, and operating differently – while also recovering services and planning renewal in a complex and uncertain environment. The timeline (pages 8 and 9) shows the complexity as councils moved in and out of restrictions throughout the year and different programmes of support were introduced.

7. Recovery and renewal are not about returning to the pre-pandemic status quo. The process of recovery and renewal includes directing resources to help ensure that services can restart and are reshaped to meet the new needs of the local area, to address the harm caused by the pandemic, to support economic recovery, to empower communities, to address inequalities, and to tackle key priorities including climate change, growing poverty, and the long-standing need for public service reform.

8. We have structured this report around three main themes on which progress towards recovery and renewal depends. Leaders need to consider how well their council is:

Responding to the external environment:
climate change, reform, financial pressures, Brexit, demographic change

Organising the council:
leadership, resources, workforce

Meeting local needs:
inequality

Shaped by engaging with communities and collaboration

Responding to the external environment

As councils continue to plan their recovery from Covid-19 and renewal they need to tackle key priorities including climate change, poverty, and the long-standing need for public service reform.

Councils have to respond to a large and complex programme of reform and the impacts of departure from the EU

Social care reform

9. The Accounts Commission together with the Auditor General for Scotland recently reported on the huge challenges that face the social care sector in Scotland in their Social care briefing. Increasing demand, severe workforce pressures and limited progress in service improvement and reform are affecting the sustainability of services. Action is needed now to address these issues.

10. Scottish Government proposals for a new National Care Service are still at an early stage but will have a substantial impact on local authorities' responsibilities. Such a significant programme of reform brings challenges and risks. Reform in other areas of the public sector has shown that expected benefits are not always clearly defined, and even when they are, they are not always delivered.[1] Focusing on such a major transformation will also risk a diversion from tackling the immediate challenges within the social care sector. For local government there is uncertainty about the destination of the policy, and concern over a loss to local empowerment and funding for councils.

Brexit

11. The UK's departure from the European Union is exacerbating the challenges councils face. The Trade and Customs Agreement (TCA) between the United Kingdom and the European Union has imposed new tariff and non-tariff barriers in stages from 1 January 2021. This represents a further supply shock to the United Kingdom's economy in addition to Covid-19 and the rise in global energy prices. Councils are facing higher prices and shortages of key resources, for example construction materials and labour shortages particularly in the construction and care sectors. There is also uncertainty around the loss of EU structural funds and their replacement. There is a reported lack of understanding about how the Shared Prosperity Fund, due to launch in 2022, will work for councils, and what its relationship will be to the Community Renewal Fund and the Levelling-Up Fund.[2]

12. It is difficult to untangle the combined impacts of Brexit and Covid-19. Councils remain uncertain about the long-term effect of EU departure and are continuing to monitor impacts on the labour market including staff shortages, access to funding, and on business.

Climate change

13. Councils recognise that climate change is an urgent issue. They have committed to taking action to achieve net zero, but clearer plans are needed to achieve it.

Climate change – policy spotlight

Around two-thirds of councils have formally declared a climate emergency, and COSLA's Blueprint for Local Government states that climate change is a 'greater threat than COVID'.[3] However, there is no universally shared understanding of what declaring a climate emergency means in practice and there is variation in policy and practice across councils. The Scottish Government has recently published guidance on public sector leadership on the global climate emergency to help public bodies in leading climate action.[4]

Councils' ambitions for how and when they will achieve net zero or other emissions reductions targets are varied, but all are either on or before the Scottish Government's national target year of 2045. Council recovery plans have climate change as a theme with commitments such as providing active travel routes in communities, installing electric car charging infrastructure, and pushing forward plans for low-emission zones.

Source: Audit Scotland

We, together with the Auditor General, set out our joint approach to auditing climate change in October 2021 in Auditing climate change: An update (audit-scotland.gov.uk). It reported that while public bodies, including councils, have declared a climate emergency, there are questions around definitions of net zero and the robustness of plans. It also highlighted the importance for bodies in tackling adaption and resilience to reduce the impact of climate change that has already taken place, the need for investment to achieve net zero, the critical role for the public, and the need for strong partnership working and public sector leadership.

Addressing the climate emergency and setting actions to achieve net zero will need to be a key element of councils' recovery and renewal from the pandemic. We will be reporting on the approach that councils are taking to meet their climate change ambitions in late summer 2022.

The impact of the pandemic sits against a backdrop of long-standing and growing demographic pressures and a growing cost of living crisis that will affect demand for council services

14. The overall population is projected to fall over the next 25 years.[5] The trend is towards an ageing population and the proportion of those aged over 65 will increase. The latest data shows that overall life expectancy has fallen as has healthy life expectancy. Deprivation has a big impact on both.[6] [7]

15. Poverty rates have been rising in recent years, with the highest rates among children. The proportion of children living in poverty (after housing costs) has increased from 21.6 to 24.3 per cent since 2013/14, including a 1 percentage point increase in the most recent year in which data is available.[8] This trend is seen across all 32 councils but in recent years poverty rates have increased at a faster rate in councils with lower levels of deprivation.

16. Increasing financial hardship is expected as the cost of living rises rapidly, with the greatest effects felt by those already experiencing poverty. Energy Action Scotland estimate that in 12 council areas over 40 per cent of households will live in fuel poverty after April's energy price rises. Eileanan Siar is forecast to be the worst affected area with an estimated 57 per cent of households living in fuel poverty.[9]

Challenges for councils

17. Planning to respond to these longer-term issues is difficult. Funding levels continue to be uncertain because of short-term funding cycles, ring-fenced funding and uncertainty over how long Covid-19 funds will remain in place.

18. It will be challenging for councils to find the capacity and resources to respond to, influence and shape this programme to their own contexts particularly while continuing to respond to Covid-19 and deal with service backlogs and increased demand and harms arising from the pandemic. This uncertain and challenging context needs effective strategic thinking, decision-making and collaborative working from local government leaders. It also needs a resilient workforce, and a culture that promotes collaboration, innovation and wellbeing.

19. Councils can learn from how they responded to the pandemic – through strong partnership working, engaging with communities and focusing on vulnerabilities.
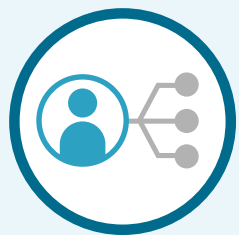
Organising the council: leading recovery and renewal

Leaders in local government face a challenging context. As they plan for recovery and renewal it will be important that they collaborate with their partners and communities. This will need skilled leadership, learning lessons from the pandemic and working to make the best use of resources to improve outcomes.

Councils prepared recovery plans in response to the pandemic, and leaders are now starting to plan and set out their vision and strategy as their councils navigate the uncertainties and challenges they face

20. Local government leaders are operating in a complex, uncertain and volatile environment, and external pressures make it difficult to plan and deliver councils' recovery from the pandemic. These include:

- uncertainty about the course the pandemic will take and its impact on operations, pivoting between response and recovery
- the impact of major public service reforms, including the proposed National Care Service
- a lack of longer-term financial settlement and limited flexibility because of ring-fenced funding.

21. Councils have prepared recovery plans that vary in their approach from high-level strategic statements to more detailed short-term operational plans. They have been a helpful tool for managing the early recovery phase and reinforcing the need for councils to remain flexible in a changing and volatile environment. We expect that councils will continue to refresh and refine their plans to set out more clearly how they will address inequalities, mitigate the harm caused by the pandemic, improve outcomes and monitor progress.

22. Recovery plans include a focus on partnership working, but leaders have an opportunity to collaborate more widely with their communities in planning for the future. This could lead to more sustainable, community-focused renewal and innovative ways of delivering services in communities.

By **leaders** we mean elected members, chief executives and the senior management team.

City of Edinburgh Council

In response to the pandemic, the council quickly developed and implemented their Adaptation and Renewal Plan.

It realised that pre-pandemic working practices could not continue and might never return. It created the Now, Near, Far & Beyond programme linked to national guidance but with the ability to respond to any changes. The plan was regularly updated and aligned with the agreed City Vision 2050. Updates included a Covid-19 dashboard containing a range of public health, Covid-19 response and economic data, as well as details of decisions made at committee meetings. These were made available online to the public, via the council website, providing transparency of the council's decision-making and governance process.

Source: Audit Scotland using information from City of Edinburgh Council

23. Some councils have integrated their recovery plans into refreshed strategic plans, including Local Outcomes Improvement Plans, recognising the impact of the pandemic, lessons learned from the response, and the need to realign priorities. This can help councils move from response to renewal and set a roadmap for the future. Common themes in recovery plans that are being reflected in wider strategic plans include:

- New ways of working – digital technology, the workforce
- Addressing growing inequalities
- School education recovery
- Focus on health and wellbeing both in the community and workforce
- Economic recovery
- Climate emergency.

24. The Scottish Government published a national recovery plan in October 2021.[10] While most councils' recovery plans were published before this, councils will have an opportunity to consider the priorities set out in the national recovery plan as they refresh their own plans. There is also an opportunity to consider the wider public service reform agenda and how to incorporate the principles of people, prevention, performance, and partnership into their plans.[11]

Current recovery plans emphasise the negative effect that Covid-19 has had on inequalities but are not clear on how planned recovery actions will improve outcomes for those most affected

25. As outlined in paragraph 77, there is a lack of data on the scale of service backlogs and increased demand, and evidence of the harm caused is still emerging.

26. Councils have struggled in the past to bring about the level of change that is needed to deliver public service reform, sustainable local government, and better outcomes. Transformation programmes have been disrupted by Covid-19 at the same time as new operating models and service delivery approaches have been presented.

27. There is a risk that councils are unable to deliver the level of recovery and transformation needed with their existing resources and will have to make difficult decisions about prioritising services.

There are good examples of councils showing leadership in tackling long-standing structural issues through new place-based initiatives such as community wealth building

28. Following successes in England, North Ayrshire was the first council in Scotland to create a community wealth building strategy, in which the council, other public bodies and key organisations work with communities to support local economic development and tackle poverty.[12] Community wealth building has now been adopted by a number of councils and is part of the programme for government.

Collaborative leadership skills have been important during the response phase and need to be maintained to meet the complex challenges ahead

29. Collaborative leadership enabled the response to the pandemic as councils worked with partners, communities and across departments. Exhibit 1. (page 18) outlines key leadership principles that have been important in the response phase and could further support recovery and renewal. Recent Best Value Assurance Reports have shown that not all councils have the collaborative leadership needed to drive change, and so it is particularly important that they develop the leadership skills needed in this complex and uncertain environment.

Case study 2

Renfrewshire Council

Renfrewshire Council worked with partners to carry out a community impact assessment to gather information on how the pandemic has affected people in Renfrewshire.

This included analysis of all available data, a programme of community meetings and surveys, and engagement with local partnerships on key issues affecting local communities. The findings were used to develop a social renewal plan which sets out the work the council will do with other public sector and voluntary sector partners to tackle inequality and poverty and to support families and communities in the wake of the pandemic.

Source: Audit Scotland using information from Renfrewshire Council

Exhibit 1.
Principles of leadership that enabled the response to Covid-19

Communicative – being available, engaging, honest and open. The pandemic created uncertainty that demanded more frequent communication with staff, partners, and communities. This provides assurance, uncovers issues, and enables decision-making. The shift to remote and hybrid working also demands more frequent communication.

Collaborative – working with and empowering others. This was critical to the pandemic response and harnessing the resources of the community and partners. Complex problems need a 'whole systems approach' that works across organisational and functional boundaries and aligns objectives and outcomes.

Emotionally intelligent – showing empathy, understanding and dealing with the 'whole person'. The impacts on the health and wellbeing of the workforce and communities demands greater emotional intelligence from leaders.

Data driven – using data and information to plan, make decisions, direct resources and monitor progress, as well as to learn from looking back. Data has been a vital tool, and leaders' ability to use data will be important as we move into the future.

Agile and flexible – making decisions and working quickly to respond to emerging issues. Having a clear vision and purpose is important, but also being agile and flexible in an uncertain environment.

Culture focused – being open and honest, inspiring trust and respect, and having empathy are all important, as are encouraging learning, improvement, innovation and collaboration. Leaders need to focus on creating the right organisational culture.

Enables community empowerment – supports communities to take more control, builds effective relationships with communities, and shows strong public sector leadership on community empowerment. These can help improve outcomes and reduce inequalities.

Source: Audit Scotland

Changes and turnover in senior officer and political leadership present a risk to councils' capacity to maintain momentum and drive forward recovery

30. Turnover of senior officers has been high recently with half of all council chief executives coming into post within the past four years as well as other changes to senior leadership teams in some councils over the past year. Some councils are experiencing difficulties in filling vacant senior management positions. The pandemic is reported to have led to a surge in resignations, as senior leaders and management consider their work/life balance and overall position, potentially leading to further change in the sector. The local council elections may also bring in a new cohort of elected members and changes in political leadership in councils.

31. This turnover in officials and elected members could bring new ideas and energy to the challenges of recovery, but it could also risk a loss of momentum, organisational knowledge and capacity and disrupt decision-making. At this time, it is important that councils establish stability in their leadership to provide strong support and guide recovery and renewal. Effective succession planning arrangements are needed so that the skills required at a senior level are developed in new and emerging leaders.

Our 'Questions for elected members' checklist has been developed to help elected members in their scrutiny and decision-making roles and in working with council executives. The Improvement Service has also worked with councils to prepare induction materials that will be available for the new cohort of elected members which will help them take up their role in leading and scrutinising recovery.

As governance structures are re-established, better information is needed on service recovery to support scrutiny and inform decision-making

32. Councils put in place emergency governance arrangements in the initial months of the pandemic. They have since re-established their full committee structures, albeit via online, virtual and hybrid meetings.

33. Public accessibility and therefore participation has changed following the shift to online and virtual meetings. All councils provide public access via either live streaming or a recording of council and committee meetings, and most councils offer both. As restrictions continue to be lifted, councils should review how their approach can best meet the needs of their citizens and make sure that no one is excluded.

34. Councils have taken a range of approaches to the governance of recovery and renewal, with some having recovery boards and other structures that can involve both elected members and senior managers.

35. It is not clear whether sufficient information on the status of, and changes in, council services is available to support scrutiny and inform decision-making. It is difficult to find update papers that clearly set out councils' progress on recovery and renewal, what demand and backlogs exist, and what changes to services are planned. Greater transparency is needed to provide assurance that proper scrutiny is in place.

Councils recognise that they have an opportunity to learn lessons from the new ways of working and approaches to service delivery that have been put in place in response to the pandemic

36. Leaders need to do more to learn the lessons from the pandemic response and use this to drive longer-term recovery and renewal. Key lessons learned include the benefits of:

- collaborative working with partners and communities to respond and reshape services

- having access to and making better use of data to understand needs and plan services

- the rapid use of digital technology in service redesign

- focusing on vulnerability and inequality, including taking a 'whole systems' and holistic approach

- new ways of working for staff

- focusing on physical and mental wellbeing – for communities and the workforce

- promoting shared values and a caring culture (kindness)

- the opportunity to reconfigure the estate

- adopting place-based approaches.

37. The Improvement Service is supporting councils by updating the Public Service Improvement Framework (PSIF) to capture learning from the Covid-19 response.[13] It has developed several checklists and self-assessment tools that councils are starting to use.

38. South Lanarkshire Council pioneered the new PSIF checklists, resulting in its 'New Ways of Working' plan, which includes technology, maintaining the new networks and new volunteers, 'agile' working, and maintaining its work with partner organisations on information sharing.

Data has been important in guiding the response to the pandemic. But improvements are needed in data availability, tools and skills to support performance monitoring, strategic decision-making and planning service improvements

39. Council performance reporting has been affected by the pandemic and, while councils continue to report regularly, there have been delays and inconsistencies. Comparing performance over time is difficult given the disruption to council services during the pandemic.

40. The Local Government Benchmarking Framework (LGBF) 2020/21 shows increasing variation in performance across councils and a level of complexity that needs careful interpretation but offers councils a rich source of intelligence to evaluate how local factors (ie, different local restrictions, patterns of demand and need, and local response and solutions) affected their performance.[14]

41. Early in the pandemic the Improvement Service developed a Covid-19 data dashboard to provide councils with up-to-date council- and Scotland-level data across 22 measures. This helps councils to monitor key aspects of their Covid-19 response and supports more immediate data-driven decision-making. Alongside the Local Government Digital Office, the Improvement Service is working to create a local government data portal.

42. Research by the Urban Big Data Centre found that since the beginning of the pandemic councils have experienced a rapid increase in demand for 'on the ground' information to understand their local communities.[15] But this is hampered by challenges including access to data, a lack of joined-up data, issues with data quality and a lack of analysts to generate intelligence from it.

43. The pandemic has introduced additional complexity into existing data sets, with data gaps and disruption of data collection, as well as the impact of service disruptions on data trends, making it more challenging to interpret the data. We know that councils were reporting data skills shortages before the pandemic.[16] It will be important for leaders to collectively drive improvements in data, in terms of not only data quality and timeliness but also building data skills within councils. This will support councils to put a performance monitoring framework in place that allows them to make strategic decisions and to plan improvements, recovery, and renewal.

Organising the council: managing resources

Councils' finances have been significantly affected by Covid-19. The long-term funding position remains uncertain, with significant challenges ahead as councils continue to manage and respond to the impact of the pandemic on their services, finances, and communities.

Covid-19 significantly impacted on many aspects of councils' finances in 2020/21

44. Our report Local government in Scotland: Financial overview 2020/21 is the first to capture the full year effect of Covid-19 on councils' finances and explains how the pandemic and the associated lockdowns have created significant financial challenges and uncertainty.

45. Councils experienced significant additional costs, loss of income and unrealised savings as a result of the pandemic. For example, councils experienced a drop in the income generated from customer and client receipts of approximately £0.5 billion in 2020/21, from the disruption of key income streams such as cultural and community activities, car parking, school meals and trade waste disposal.

46. In 2020/21, the Scottish Government increased funding to councils by £1.5 billion to support them to deal with the impacts of the pandemic.

47. All councils reported surpluses in 2020/21, largely because of the additional funding received. Total usable reserves across Scotland increased significantly, from £2.6 billion in 2019/20 to £3.8 billion in 2020/21. However, this has artificially inflated the position. Councils are unlikely to have flexibility in how large elements of reserves can be used.

Funding to local government has been reduced in real terms since 2013/14. The rest of the Scottish Government budget has seen an increase in funding over the same period

48. Funding from the Scottish Government to local government increased by 7.0 per cent in real terms between 2013/14 and 2020/21. However, this was because of significant additional Covid-19 funding. When this additional funding is excluded, councils' underlying cumulative funding has fallen by 4.2 per cent in real terms since 2013/14. This is in contrast to an increase of 4.3 per cent in Scottish Government funding of other areas of the budget over the same period Exhibit 2. (page 23).

Exhibit 2.
A comparison of real-terms changes in revenue funding in local government and other Scottish Government areas (including and excluding Covid-19 funding)
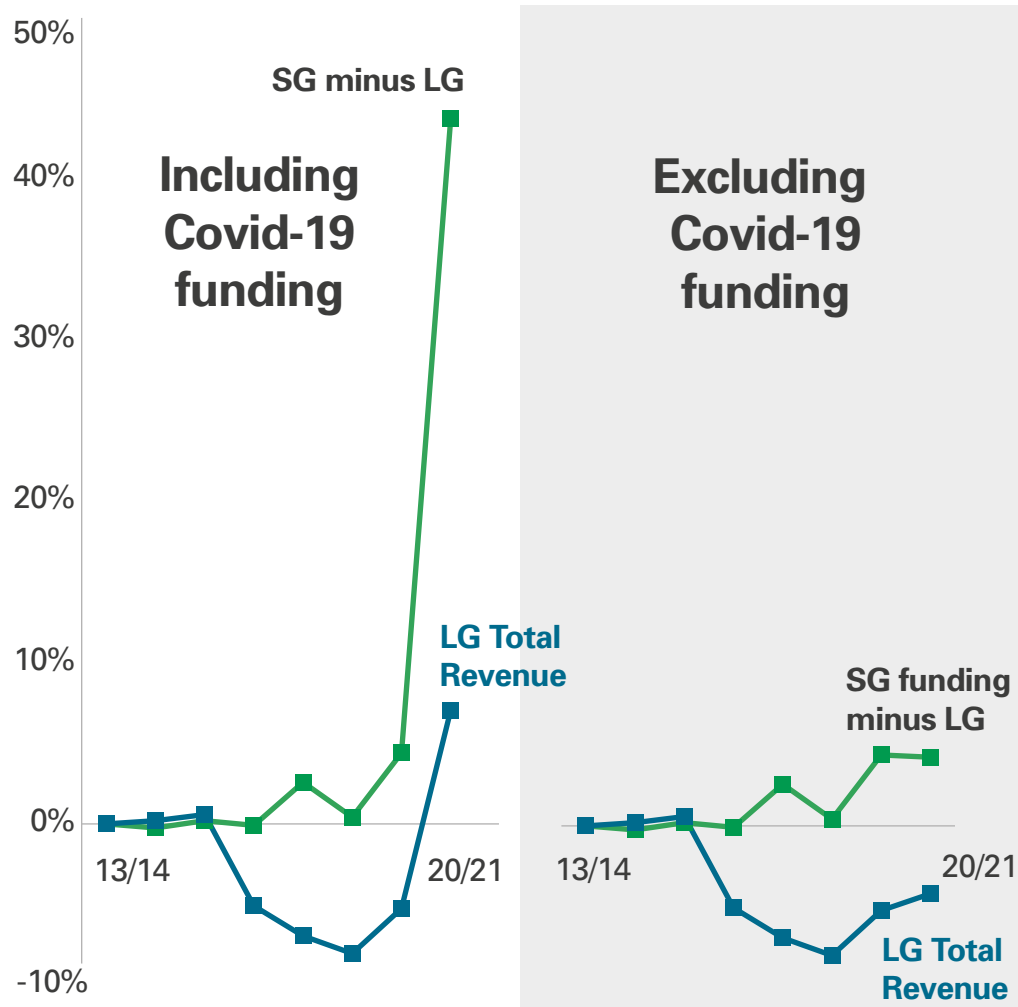
Source: Finance Circular 5/2021 and Scottish Government budget documents

The ongoing absence of a multi-year financial settlement creates uncertainty for councils at a time when effective and robust financial management is crucial

49. The Scottish Government continues to fund councils on an annual basis. This makes it challenging for councils to plan and budget effectively for the medium and longer term, and work with partners to develop long-term plans to deliver better outcomes and address inequalities.

50. Managing reserves and having in place robust medium- and longer-term financial plans will continue to be key to maintaining financial sustainability.

51. The Scottish Government has indicated that a longer-term funding settlement for councils may be possible, however multi-year allocations were not included in the 2022/23 budget.

52. The Scottish Government and COSLA are currently developing a fiscal framework to determine future funding of local government. Work on the Local Governance Review also continues. These may result in additional spending powers for local government, giving communities and places greater control over the decisions that affect them most.[17]

Councils now need to review longer-term financial plans as Covid-19 uncertainty diminishes. They should ensure that financial plans are clearly linked to overarching recovery strategies

53. Auditors have reported greater uncertainty in current financial planning arrangements at councils because of Covid-19. Analysis of a sample of 22 councils found 15 with a long-term plan in place. However, many of these now need to be updated to reflect current circumstances.

54. As the uncertainty created by Covid-19 diminishes, councils should update their longer-term financial plans and take account of their overarching recovery strategies to ensure a cohesive approach to recovery and renewal of services, finances and communities.

As Covid-19 funding ends, councils will need to adapt and make difficult decisions to maintain financial sustainability

55. COSLA expect that councils will need to restart change programmes that have stalled, deliver savings and bring forward proposals to reduce costs. Transformation programmes will be important for councils in helping identify resources for priority areas.

56. Responding to the programme of reform outlined in paragraph 10 further exacerbates this challenge. In addition, councils' financial outlook challenges are heightened by increasing inflation – data from the Office for National Statistics shows that this has risen to a level higher than has been seen for many years.[18]

While COSLA and the Scottish Government continue to discuss the extent of ring-fencing in the local government budget, it is clear that spending on priority areas have increased while other areas of the local government budget have faced spending cuts
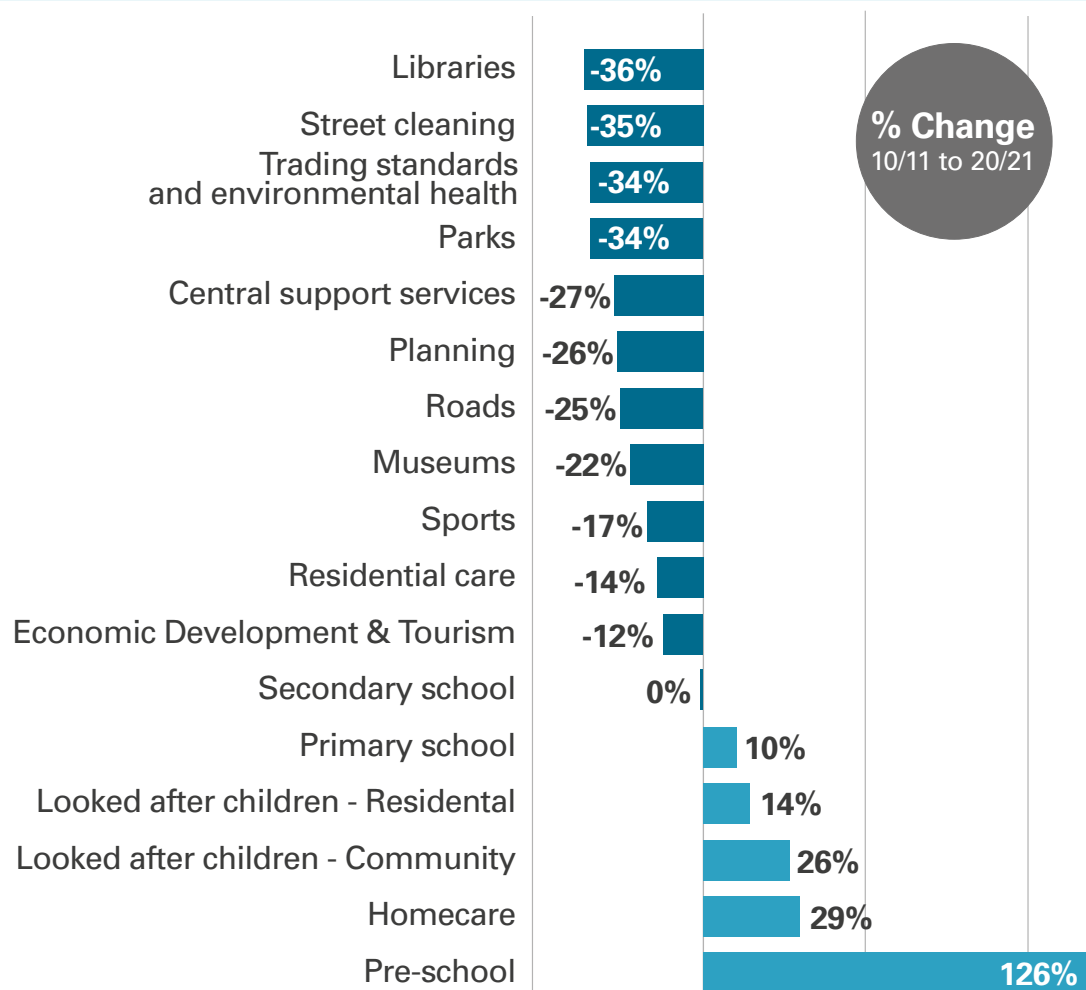
57. There is a significant difference between the view of COSLA and that of the Scottish Government on the extent of ring-fencing in local authority budgets.

58. While ring-fenced funding helps support delivery of key Scottish Government policies, such as expanding early learning and childcare services, it can constrain a proportion of the total funding and resources available to councils and removes local discretion over how these funds can be used.

59. Exhibit 3. (page 25) shows the change in revenue expenditure over the longer term 2010/11 to 2020/21 for protected and unprotected service areas. These longer-term spending reductions on areas including environmental services, culture and leisure, and corporate services, have placed these services under pressure as councils respond and recover from Covid-19.

Exhibit 3.
Percentage change in expenditure (real terms) by service from 2010/11 to 2020/21

Service	% Change 10/11 to 20/21
Libraries	-36%
Street cleaning	-35%
Trading standards and environmental health	-34%
Parks	-34%
Central support services	-27%
Planning	-26%
Roads	-25%
Museums	-22%
Sports	-17%
Residential care	-14%
Economic Development & Tourism	-12%
Secondary school	0%
Primary school	10%
Looked after children - Residental	14%
Looked after children - Community	26%
Homecare	29%
Pre-school	126%

Source: LGBF 2020/21 data, using Audit Scotland Covid-19 adjusted methodology for calculating real terms (page 7, Local government in Scotland: Financial overview 2020/21 for further detail)

Covid-19 has impacted on capital projects and volatility in capital funding allocations could affect councils' recovery and investment plans

60. Auditors reported that Covid-19 had a significant impact on the delivery of capital projects in 2020/21. Capital project costs increased owing to increases in the cost of raw materials, supply chain delays and inflation associated with delayed contracts. CIPFA Local Government Directors of Finance Section notes that these cost increases have not been matched by an increase in the capital grant received.

61. At the same time most councils, 26 in total, reported reduced capital expenditure in 2020/21, with Covid-19 restrictions disrupting construction activity in many instances.

62. Capital investment is likely to play a key role in councils' recovery from Covid-19 and in particular address the impact of climate change. The local government estate, comprising buildings and vehicles, will need some modernising to deliver councils' carbon reduction targets and wider investment needed to mitigate and adapt to the impacts of climate change. Funding will need to be in place to support this.

63. Our Local government in Scotland: Financial overview 2020/21 report notes that the local government capital settlement in 2021/22 decreased from £0.8 billion in 2020/21 to £0.6 billion, and capital funding received in recent years has been very volatile. Lack of longer-term funding settlements will again impact on councils' investment plans.
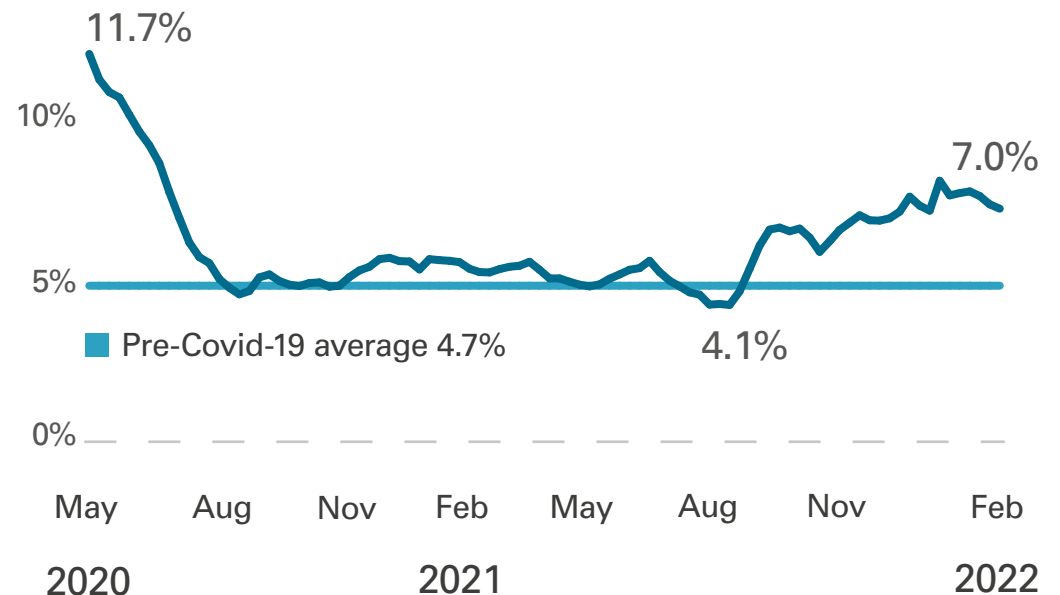
Organising the council: managing the workforce

Pressure on the local government workforce continues, with high absence levels, impacts on wellbeing, particularly for front-line workers, and skills shortages in key areas. A resilient workforce is critical to the ongoing response to Covid-19 and the recovery of services. Councils will need to update workforce plans, learn lessons from new ways of working put in place, and provide wellbeing support for their staff.

The second year of the pandemic continues to have a negative impact on the workforce and staff wellbeing

64. Council services are facing high demand, high staff absence levels from new waves of the pandemic and staff burnout from the prolonged response and recovery phase. These impacts have been felt across the workforce but particularly so in front-line community-facing roles. Exhibit 4. and Exhibit 5. (page 27) show that teaching and education staff absence levels peaked in December 2021 and wider staff absences also rose in the last quarter of 2021.

Exhibit 4.
Average percentage of council staff absent during the pandemic

11.7%

10%

7.0%

5%

■ Pre-Covid-19 average 4.7%

4.1%

0%

May   Aug   Nov   Feb   May   Aug   Nov   Feb
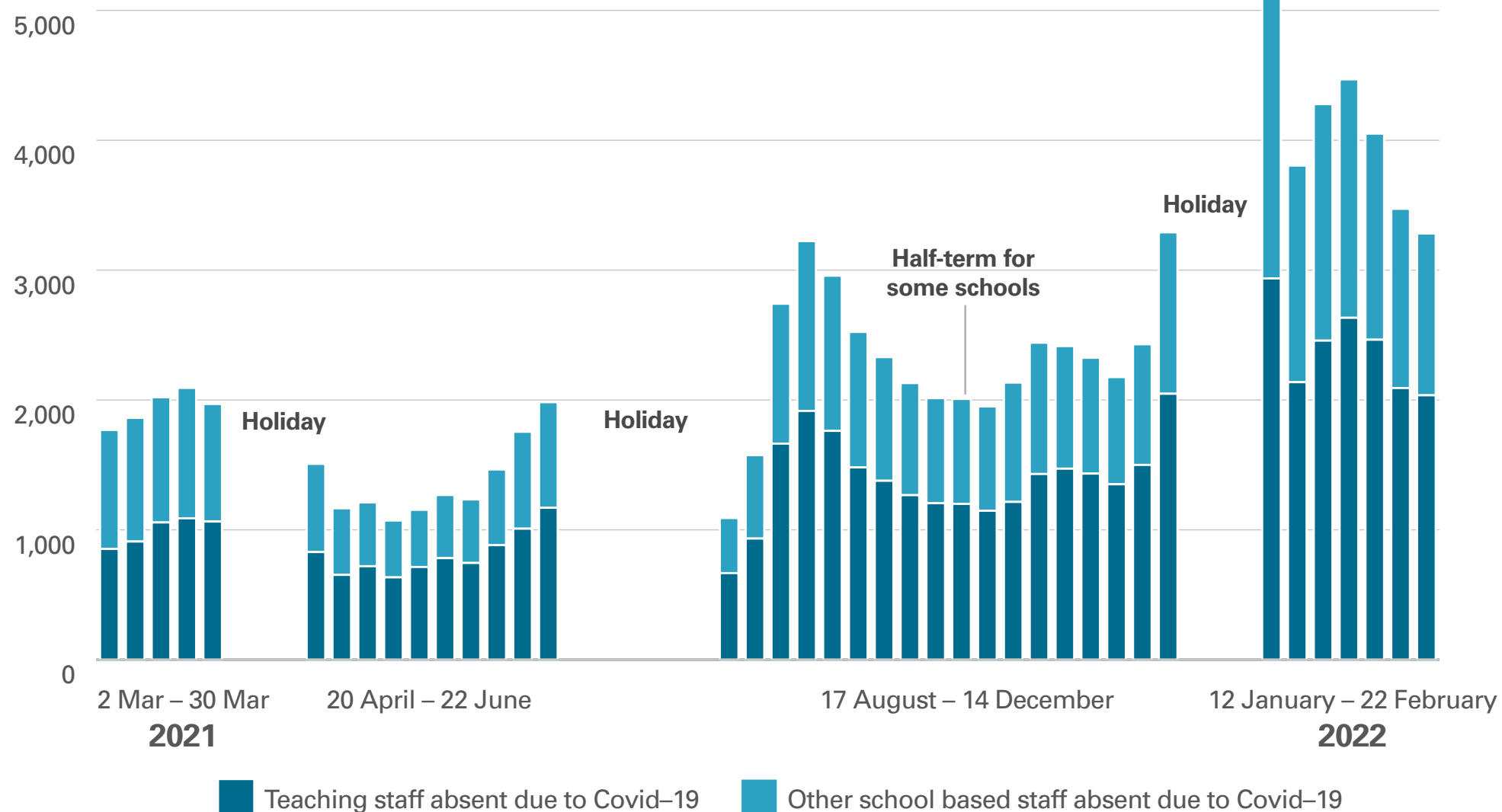
2020   2021   2022

Note: Pre-Covid-19 average is based on 2018/19 data.

Source: Improvement Service

Exhibit 5.
Number of school staff absent March 2021 to February 2022

Source: Scottish Government Education Analytical Services

Legend:
- Teaching staff absent due to Covid–19
- Other school based staff absent due to Covid–19

X-axis labels: 2 Mar – 30 Mar **2021**, 20 April – 22 June, 17 August – 14 December, 12 January – 22 February **2022**

Annotations: Holiday, Holiday, Half-term for some schools, Holiday

65. Staff wellbeing, both physical and mental, has been a prominent theme within recovery plans. Councils are making efforts to understand these issues through staff surveys and other methods, provide confidential support services, and incorporate training for stress and mental health into council training programmes (Exhibit 6.).

Exhibit 6.
Examples of council wellbeing initiatives

Dundee City Council launched a new wellbeing support service and also gives staff access to the intranet on their own devices.

Clackmannanshire Council integrated training on stress and mental health into its corporate training calendar to increase awareness.

Argyll and Bute Council launched 'Wellbeing Wednesday'.

Source: Audit Scotland using information from councils

Councils are facing skills shortages and recruitment difficulties in key areas

66. Covid-19, combined with Brexit, is exacerbating skills shortages, many of which were pre-existing (Exhibit 7., page 29). Covid-19 has had a particular impact on facilities management services because of the increased need for cleaners and a tighter labour market. HGV (Heavy Goods Vehicle) driver shortages have been affected by Brexit, as councils are unable to compete with private sector wages.
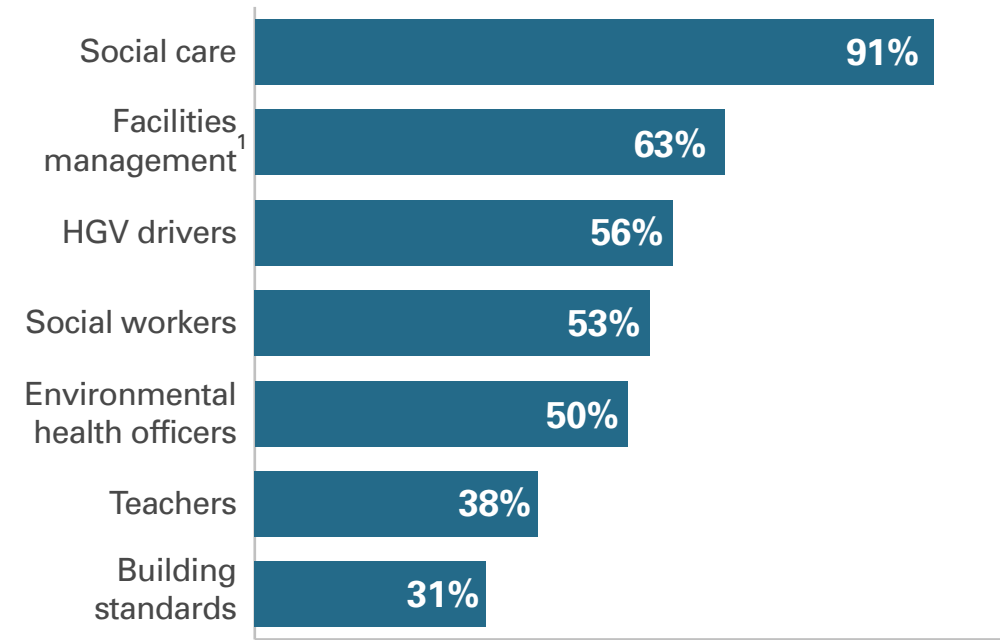
67. Social care faces the greatest skills shortages. Our Social Care briefing highlighted the considerable vacancy and recruitment problems facing the sector, with poor terms and conditions contributing to these issues. See Exhibit 9. (page 35) for further details.

68. Councils are changing their recruitment strategies in the face of these shortages, with more marketing, use of social media and local employability initiatives. The Scottish Government established a Fair Work in Social Care Group, in partnership with COSLA, which includes representation from local government, private sector provider groups, third sector, and trade unions. Since summer 2020 the group has been working to develop and implement recommendations regarding improving pay, terms and conditions, and effective employee voice for the social care workforce.

69. Councils are also seeing an increase in retirement and flexible working contributing to the skills shortage. Fifty-six per cent of councils report difficulties in recruiting to senior posts and leadership positions. Succession planning is important in this context.[19]

Exhibit 7.

Percentage of councils reporting skills shortage by occupation

Social care — 91%
Facilities management[1] — 63%
HGV drivers — 56%
Social workers — 53%
Environmental health officers — 50%
Teachers — 38%
Building standards — 31%

Note: Facilities management includes catering and cleaning

Source: Society of Personnel and Development Scotland

## Councils have adopted new ways of working

70. Councils have shown considerable flexibility in redeploying staff to areas of greatest priority and demand and in adopting remote and hybrid working. The shift to home working brought about by the pandemic is likely to have a longer-term impact on how councils work. Wider evidence shows that it can bring benefits for both employers and staff, but individual circumstances should be considered.[20]

71. Councils are considering how hybrid working can support their ambitions for a more flexible and adaptable workforce in future. For it to work well, councils need to provide staff with a wide range of support, including health and wellbeing support, a supportive workplace and management culture, and appropriate technology and equipment. The diverse roles in councils mean that not all staff can work remotely. It will be important for councils to continue to consult and engage with their employees, learn lessons from what has been done to date, and test new models of working as they move forward.

City of Edinburgh Council
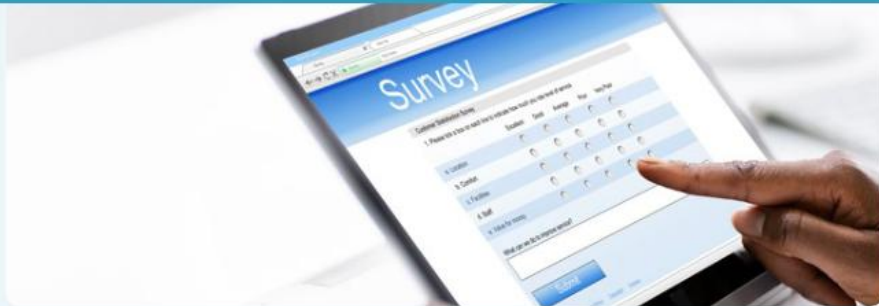
The City of Edinburgh Council developed a new work strategy after receiving feedback from 6,400 employees via two surveys conducted in 2020. The surveys asked employees how the pandemic has changed the way they work and how they would like to work in the future. The responses made it clear that staff want to retain a more flexible approach to work in future.

'Our Future Work Strategy' outlines three trials to explore new ways of working. Two of the trials are about adapting current office space to best fit a future of hybrid working. The third trial is of a longer-term plan to develop local offices that would enable staff to work close to where they live, reducing the need for commuting. The council believes that investing in local working and following the principle of '20-minute neighbourhoods' will contribute to reducing emissions locally, and so help Edinburgh achieve its target of becoming a net-zero city by 2030.

Source: Audit Scotland using information from City of Edinburgh Council

The pandemic has made workforce planning both more difficult and more necessary

72. Workforce planning is developing in councils. Some have plans that are linked to wider strategic plans as well as individual service plans, while other councils' workforce plans are more limited.

73. As a result of the pandemic, councils have had to respond to short-term pressures, but they need to plan for longer-term resilience in the workforce. Some councils have started to update their plans to reflect more flexible and remote ways of working and to focus on wellbeing.

74. There are common recruitment pressures across councils, as detailed above, but these are changing more frequently as the pandemic affects the wider labour market. Some councils are 'growing their own talent' by improving modern apprentice programmes and creating new internal recruitment and movement of staff across the council or new talent programmes.

75. Councils report that they lack resources to support workforce planning and are collaborating and sharing practice to make improvements.[21] Joint working through the Improvement Service and the Society for Personnel and Development Scotland is allowing common challenges and practice to be shared. The Improvement Service has provided tools for councils to develop workforce plans.[22] It is vital for councils to share lessons learned and to use them to inform their revised plans.

Organising the council: recommendations
Actions for leadership

- Councils together with their partners and communities should revise their strategic plans, including Local Outcomes Improvement Plans to realign priorities and provide a roadmap for recovery and renewal. They should also consider how this contributes to the national recovery strategy set out by the Scottish Government.

- Elected members and senior managers need to work together to drive change, make decisions and deliver recovery and renewal.

- Councils should consider the leadership skills needed for now and in future. This includes clear succession planning arrangements and a structured programme of induction for new elected members.

- Councils' governance arrangements should ensure that their elected members have sufficient information to support the scrutiny and decision-making needed for recovery and renewal.

- Councils need to clearly set out how they are evaluating new service models and learning lessons from the response to Covid-19.

- Councils should have a clear plan for developing the use of data in their councils, this includes data skills, data standards and data tools.

- Councils must ensure that financial plans and overarching recovery strategies and actions are clearly aligned, including funding to deliver on their duty to address inequalities.

- Councils must have clear plans for management of reserves.

- Councils should update their workforce plans to build on lessons learned, address skills gaps and build a resilient workforce for the future. This will include monitoring the wellbeing of the workforce, and the effectiveness of health and wellbeing initiatives.

Meeting local needs: impact of Covid-19 on services and inequality

Covid-19 continues to disrupt council services, and those already experiencing inequality have felt the impacts of both the pandemic and service disruption most strongly. As councils focus their efforts on addressing these unequal harms, they need better local data and community engagement.

The Covid-19 pandemic continues to affect council service delivery, but a lack of clarity on demand, unmet need, and service backlogs makes the full extent of the effect unclear

76. Councils are still early in recovery, having moved on from the initial emergency response and operating under lockdowns. They report that the second year of the pandemic has been more difficult than the first. Ongoing restrictions, Covid-19-related staff absences and the non-linear nature and uncertainty of the pandemic, for example the emergence of the Omicron variant, mean that councils still need to adapt service provision and many services are disrupted.

77. The picture of service disruption is incomplete. A lack of up-to-date publicly available data makes it difficult to assess the extent to which council activities have returned to pre-pandemic levels, the level of demand for services and levels of unmet need.

78. Disruption has continued in those services we reported as most affected last year: education, social care, and culture and leisure. Exhibits 8, 9 and 10 (pages 34-36) provide more detail.

79. Alongside continued disruption, councils are also having to manage new pressures across services:

- from backlogs due to paused activity in the first year of the pandemic, such as repairs to roads and housing

- from an increase in demand, for example administering support grants, assisting with testing and vaccinations and in environmental health and trading standards. Increased levels of financial hardship are driving an increase in applications for discretionary housing payments and other support grants.

An inability to clear backlogs and meet new demands is a risk to wider recovery.

80. Public tolerance of service disruption and backlogs is declining, and communities have expressed their frustration in some cases. Councils are having to balance a growing expectation that services should be back to normal while still adhering to Covid-19 guidelines and facing absences that limit their capacity to deliver.

Councils have worked hard and adapted to maintain delivery of key services. Digital delivery has expanded but brings with it the risk – for some – of increased digital exclusion

81. As we found in our Digital progress in local government report, the pandemic has brought about a change in the way in which many council services are delivered. Councils have expanded their digital service provision, to replace temporarily unavailable services, to respond to new needs, or to provide an alternative means of accessing services. Councils have introduced online booking systems for services such as recycling, created online learning hubs for parents and carers to support children's learning, and developed more digital resources from libraries and leisure services.

82. The rapid shift to digital delivery allowed services to be delivered rather than stopped. It also highlighted how unequal access to the internet, devices and skills leaves those most disadvantaged without the same opportunities to learn, access services and remain socially connected as others.[23]

The extent to which councils have assessed and can evidence the impact that Covid-19 related service changes and disruption have had on different groups and citizens in their local areas is unclear

83. Changes in service provision have offered an opportunity to learn lessons about how services are delivered in the future. But it is not clear that councils have carried out equality impact assessments or community consultation where they have made changes or plan to continue changes made to service delivery during the pandemic.
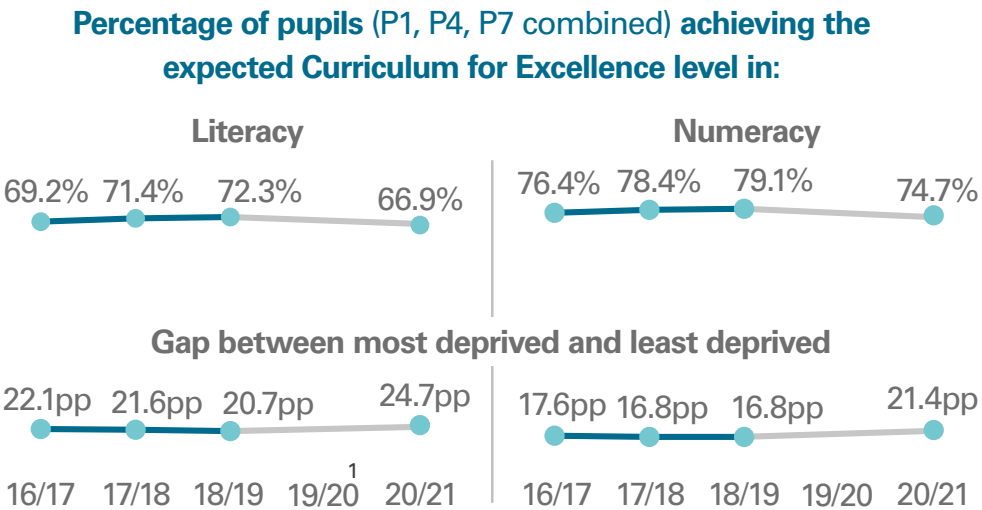
Exhibit 8.
Education services continued to be disrupted throughout the second year of the pandemic

Disruption included:

- infection control measures in place, including masks, increased ventilation, 'bubbles' to limit contact and restrictions on school visitors

- the cancellation of S4-6 exams, which were again replaced by teacher assessment

- high levels of Covid-19-related pupil and staff absences (Exhibit 5., page 27) which made it hard for schools to offer continuity and stability to pupils.

Emerging data is now evidencing the adverse effect the pandemic has had on children and young people:

Educational attainment data is only available for primary school pupils. Attainment has fallen in both literacy and numeracy and more so for those pupils in the most deprived areas, meaning that the attainment gap has widened. For example, the attainment gap in literacy has increased from 22.1 to 24.7 percentage points.

Percentage of pupils (P1, P4, P7 combined) **achieving the expected Curriculum for Excellence level in:**

Literacy

69.2% 71.4% 72.3% 66.9%

Numeracy

76.4% 78.4% 79.1% 74.7%

Gap between most deprived and least deprived

22.1pp 21.6pp 20.7pp 24.7pp

16/17 17/18 18/19 19/20[1] 20/21

17.6pp 16.8pp 16.8pp 21.4pp

16/17 17/18 18/19 19/20 20/21

We talk more about the negative impact the pandemic has had on children and young people's social and wellbeing, including on their mental health, in paragraph 86.

Risks and challenges

The pandemic has affected the comparability of education data for 2019/20 and 2020/21 when S4-6 exams were replaced with teacher assessed grades. Our joint report, Improving outcomes for young people through school education, noted the difficulties and risk this could cause for councils in assessing and acting on the poverty related attainment gap.

Restrictions on school visitors have limited access for vital voluntary sector support services, including preventative youth work: 34 per cent of organisations that want access to school facilities do not have it. This has a particular impact on those with additional support needs, who need alternative supportive environments outside school.

Note 1. No data available for 2019/20
Source: See endnote [24]

Exhibit 9.
The pandemic has exacerbated ongoing challenges in social care

Our Social care briefing outlined the immense pressure the social care sector is facing. The pandemic has exacerbated the long-standing staffing challenges, compounded by Brexit. This has increased workloads, leading to staff burnout and high sickness absence levels, and risks limiting the capacity to provide good quality, consistent care to citizens.

There is evidence of ongoing disruption with:

- reductions in home care packages because of staff shortages and tighter eligibility criteria for accessing care being applied to manage demand

- many day centres and respite services still closed.

Unmet demand puts additional pressure on unpaid carers, who are reporting increased feelings of anxiety, depression, and mental exhaustion.

Delayed discharges dropped significantly early in the pandemic, because of a marked reduction in non-Covid-19 related admissions along with a focused effort to get people of out hospital as quickly as possible. Delayed discharges returned to pre-pandemic levels in September 2021 and remain high reflecting the continued pressure in the system.

During strict restrictions, a rapid shift to digital tools allowed some staff to work in more flexible ways and to provide some services remotely including some online assessments and triage, and support and wellbeing check-ins through technology enabled care.

Delayed discharge Census by Delay Reason

Legend: ■ Health and social care reasons ■ Patient and family related reasons ■ Code 9 (complex)
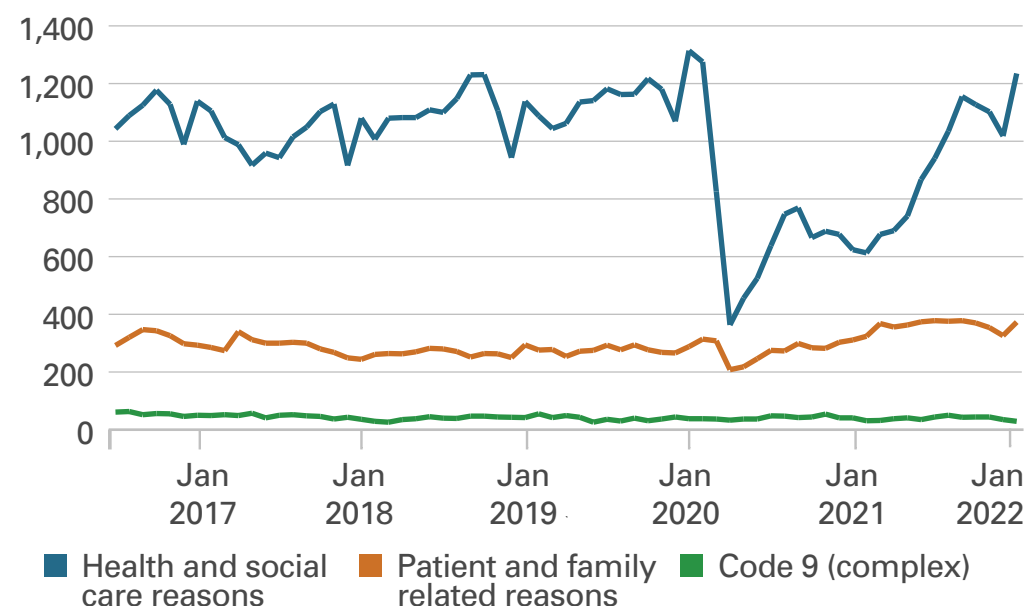
Risks and challenges

The Scottish Government is planning significant reform of social care over the next five years (paragraph 10) but, as we state in our social care briefing, action is needed now to address critical issues and better meet the needs of people relying on care and support.

The ongoing disruption means that unmet demand continues, and older people, and adults and children with disabilities face a reduction in or complete withdrawal of care and support in the home. The Scottish Human Rights Commission has expressed significant concern that this affects the human rights of these individuals. It highlighted the need to invest in a social care system, based on human rights, that meets people's needs and improves outcomes.

Source: See endnote[25]

Exhibit 10.

Public library services continue to be disrupted following Covid-19 restrictions

Libraries could fully reopen in April 2021 with some social distancing measures in place. However, most library services were still operating a reduced service in early 2022, compared to pre-pandemic. During lockdown many councils adapted and found innovative ways to deliver library services to continue to support their communities. Librarians across councils shared ideas.

Examples of innovative service adaptations include:

- enhanced digital offer; click and collect and home delivery services; bespoke book selection; digital story-telling; online book groups and contact calls to socially isolated elderly users.

Research found that engagement with library services had a positive impact on wellbeing and building community connectedness.

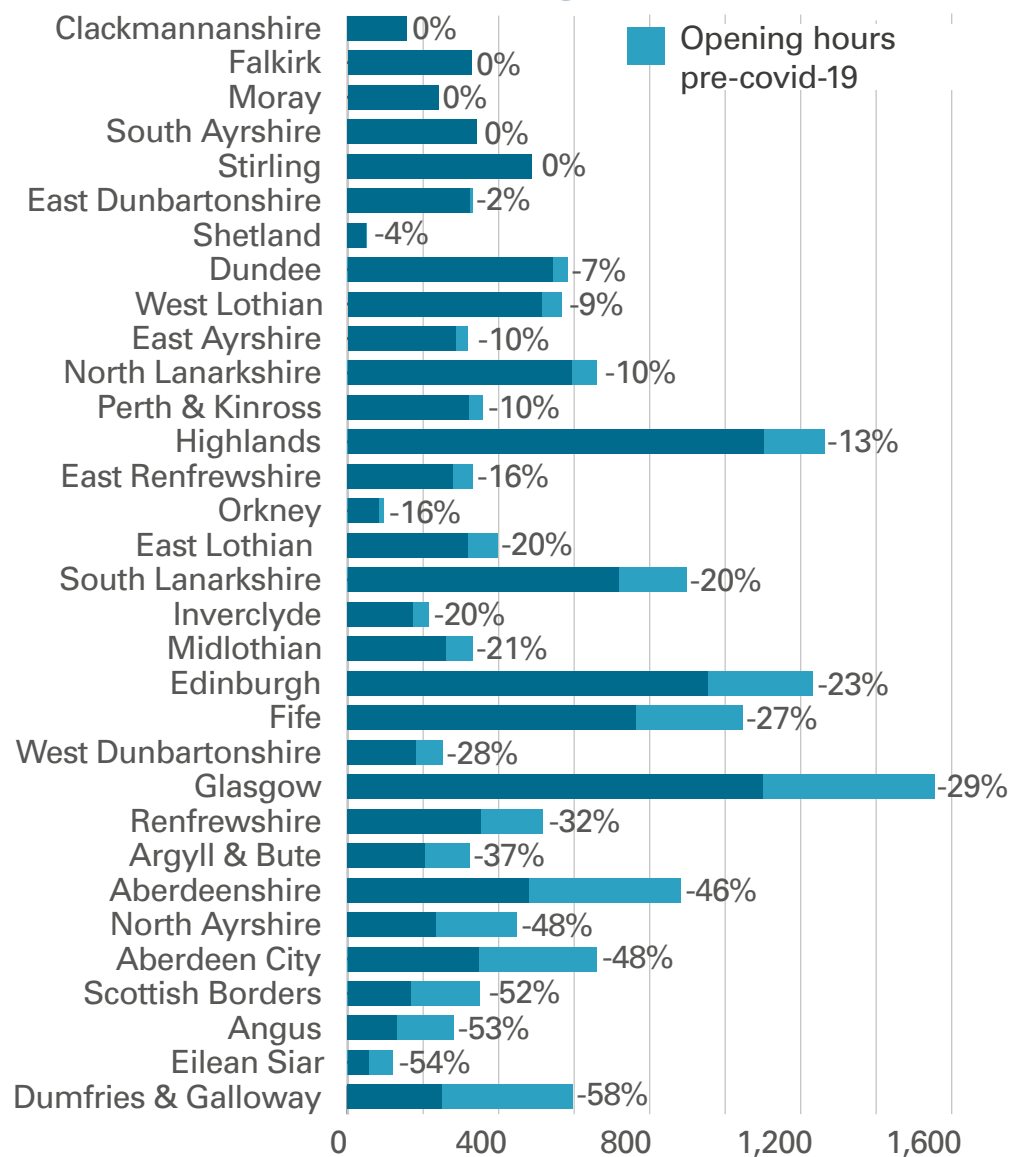### Not all councils give reasons for continued reduced hours. Those that do cite:

- staffing issues including high sickness absence or redeployment
- access issues such as the building being used for covid-19 testing, restricted access arising from sharing space with schools or buildings undergoing refurbishment.

Change in total library opening hours, pre-covid-19 and at end Feb 2022

Legend:
- Opening hours at end of February 2022
- Opening hours pre-covid-19

Council	Change
Clackmannanshire	0%
Falkirk	0%
Moray	0%
South Ayrshire	0%
Stirling	0%
East Dunbartonshire	-2%
Shetland	-4%
Dundee	-7%
West Lothian	-9%
East Ayrshire	-10%
North Lanarkshire	-10%
Perth & Kinross	-10%
Highlands	-13%
East Renfrewshire	-16%
Orkney	-16%
East Lothian	-20%
South Lanarkshire	-20%
Inverclyde	-20%
Midlothian	-21%
Edinburgh	-23%
Fife	-27%
West Dunbartonshire	-28%
Glasgow	-29%
Renfrewshire	-32%
Argyll & Bute	-37%
Aberdeenshire	-46%
North Ayrshire	-48%
Aberdeen City	-48%
Scottish Borders	-52%
Angus	-53%
Eilean Siar	-54%
Dumfries & Galloway	-58%

Axis: 0, 400, 800, 1,200, 1,600

Exhibit 10. (continued)

Risks and challenges

Library services have faced declining investment. The ten years since 2010/11 saw a 29 per cent reduction in spend, yet the same period saw a 42 per cent growth in visit numbers (physical and virtual visits).

Some councils have plans to increase opening hours further. Other councils were already reducing hours and the level of service before the pandemic, and they have faced the most significant issues in recovering.

Library closures have shone a light on the extent of digital exclusion. It is not clear that councils have fully assessed the impacts of closures and reduced hours on communities and groups. And while the digital offer will shape the future of library services, research shows the buildings are vital as a safe, accessible, free, trusted and communal space in communities.

Source: See endnote[26]

The impact of the pandemic and service disruption has been felt most strongly by those communities and citizens already experiencing inequalities

84. A substantial and growing body of evidence, mostly from research at a national level on the 'four harms of Covid-19' – the direct impacts of Covid-19, other health impacts, societal impacts and economic impacts – shows that particular groups have been most affected. For example:

- People with disabilities have faced increased clinical risk from Covid-19 as well as disruption to care services and social connections.

- Minority ethnic communities have faced high clinical risk from Covid-19 and increased risk of social and economic harm as a result of pre-existing inequalities in employment, income and opportunity.

- Those on low incomes and living in the most deprived communities have faced worsening social and economic inequalities, including digital exclusion, lower educational attainment and increased financial hardship.

- Older people have faced increased clinical risk from Covid-19 and are more likely to have experienced disruption to care services and social connections.

- Women have been disproportionately affected both economically and socially because of the increased childcare burden and because they are more likely to be front-line workers and have lower pay and insecure jobs.

85. For some, inequalities have worsened. Others are experiencing inequalities for the first time. Those with intersectional characteristics, that is people who fall into more than one group, and therefore experience several disadvantages at the same time, have suffered the most severe impacts. Councils' recovery and renewal efforts need to take account of worsening, new and overlapping disadvantage.

86. Mounting evidence suggests that the pandemic has had severe social and wellbeing impacts on children and young people. This includes developmental delays seen in the very youngest because of increased social isolation, worsening mental health, a fall in educational attainment, and young people's increasing concerns about their job prospects. Evidence also suggests that more children are presenting with additional support needs or behavioural issues and that these children are not always able to access services and get the support they need because of a lack of staff capacity. The impacts are greatest for children and young people in vulnerable groups and living in poverty.

87. Ongoing disruption to council services has meant that those most in need of support are still experiencing that unequal impact.

While councils recognise the disproportionate impact the pandemic has had on different groups, they need to learn lessons from taking early action and assess the impact of service disruption to address longer-term impacts

88. Early in the pandemic there was a huge collective effort to support the most vulnerable, with more collaborative working at a local level, a coordinated response with the voluntary sector and more place-based and holistic approaches. As we highlighted in our 2021 report, councils targeted their responses to support the most vulnerable. This included supporting families and children living in poverty through the provision of free school meals, distribution of digital devices, community food initiatives, fuel poverty and period poverty initiatives, action to prevent homelessness and eliminate rough sleeping, and online events and programmes to support mental health and wellbeing.

89. As we move into the recovery phase, some evidence suggests that councils are putting in place services to mitigate the impacts of the pandemic on the groups most affected by:

- supporting employment and improving economic prospects for women, minority ethnic groups and disabled people
- improving routes to employment and training for young people
- doing more to address the social isolation of older people and people with disabilities.

Some councils are using lessons learned from the pandemic to improve how they tackle vulnerability and inequality

90. The collaborative placed-based approaches, cross-council working and community engagement that enabled the early response is informing new ways of tackling poverty and vulnerability. Several councils have since adopted or adapted these service models to put in place a more holistic approach to tackling inequality. (Case study 4)

Case study 4

Dumfries and Galloway Council

In response to the pandemic four locality hubs were established in Dumfries and Galloway to coordinate partner and volunteer activity at the local level. Since then, the four hubs have developed to become the recognised model for local community planning in Dumfries and Galloway.

Another model that evolved from the council's pandemic response is the 'single access to services' model, known as the single access point. This brings together different council services and partner agencies in one multi-agency team to ensure an efficient, clear and streamlined approach to assist those who are vulnerable. The single access point model will continue to evolve and the council is reviewing other opportunities to develop this approach.

Source: Audit Scotland using information from Dumfries and Galloway Council

Data is a key tool in tackling inequality but there are gaps in equality data, particularly at a local level

91. While councils recognise the disproportionate impact of the pandemic on different groups, it is less clear how councils have assessed how their changes in the way services are delivered, and the pandemic more widely, have affected those most in need in their area.

92. There is still a lack of data and evidence at local level that would allow councils to fully understand the adverse impacts of the pandemic on different groups within their area and inform local plans. Most council recovery plans and reports on mainstreaming equality cite national report findings or increases in measures such as housing applications, unemployment or complex case work, rather than local equality data.

93. This problem is not unique to local government, and the Scottish Government's Equality Data Improvement Programme is working to improve equality data, in particular data on overlapping inequalities, ie intersectionality.

94. Some councils have used data well to understand the impacts of the pandemic on specific groups and the emerging needs. (Case study 5)

Case study 5

Glasgow City Council

Before the pandemic Glasgow City Council had been gathering detailed data to enable it to better understand the extent of child poverty in the city. The Council's Centre for Civic Innovation (CCI) took a 'deep dive' into the data the council holds on recipients of Housing Benefit and Council Tax reductions, as well data on kinship care and education benefits. This work meant that the council was able to measure the levels of relative child poverty before the pandemic and in the middle of it.

The research found that in December 2020 at least 26 per cent of children in Glasgow were living in relative poverty compared with 24 per cent in February 2020. This equates to at least 2,510 more children living in poverty and 27,995 children overall. This data profiling and analysis is unique to Glasgow, and it provides a detailed 'snapshot' of families that will help the council to map and understand the impact of interventions to reduce child poverty.

Source: Audit Scotland using information from Glasgow City Council

Meeting local needs: collaboration and communities

The early response phase showed what could be achieved by working closely with communities and the voluntary sector. This momentum may be lost if they are not involved in shaping recovery.

Collaboration has enabled new relationships and more effective ways of working but communities and local partners need to be more involved in recovery

95. Our report Local government in Scotland: Overview 2021 showed how communities and the voluntary sector were a vital asset in the response phase. Collaborative working enabled vulnerable citizens most in need to be speedily supported through initiatives such as community hubs.

96. In October 2021, Audit Scotland published Community empowerment: Covid-19 update, bringing together the learning points from the community response to the pandemic to help public bodies develop their longer-term approaches to supporting and empowering communities. The briefing outlines key learning points under the five principles for community empowerment: community control, leadership on community empowerment, effective relationships, improving outcomes and accountability.

97. Assistance was most effectively provided in areas where local engagement and collaboration with local groups was already established before the pandemic. Greater flexibility, trusting relationships, relaxation of bureaucracy and autonomy in decision making enabled the public sector to work with communities and voluntary organisations and deploy support quickly. (Case study 6)

Case study 6

Fife Council

Fife Council introduced multi-disciplinary teams to respond to the pandemic. Teams composed of council staff and partners worked well together to respond quickly and effectively to meet the needs of Fife residents. The council is focused on learning from the success of these groups as it aims to 'build back better' and renew its public services. Reforming how it works collaboratively with partners and communities and focusing on people and place is seen as critical to sustaining the sense of common purpose brought about by the pandemic.

As part of the Plan for Fife, the council has established People and Place Leadership Groups across its seven areas. The council sees these groups as an initial step forward from the team working that evolved during the pandemic response. The council sees these groups as a fundamental part of driving community wealth building as the council aims to create a fairer, more socially just economy.

Source: Audit Scotland using information from Fife Council

There is limited evidence of direct community input driving recovery actions and more needs to be done

98. Some councils are seeking the views and experiences of citizens and communities to inform recovery and learn from their experiences (Case study 2, page 17) (Case study 7). But there is limited evidence of direct community input driving recovery actions or meaningfully reshaping services.

99. Councils need dialogue and involvement of communities and the voluntary sector in planning service priorities and delivering support to vulnerable groups. More flexible governance and decision-making structures will be needed to make community participation easier.

100. Some councils have set up models of co-production. There are examples of joint work with youth councils to develop services for young people.

Voluntary sector organisations are facing pressures that could threaten their ability to deliver services to vulnerable people who rely on them

101. Throughout the pandemic voluntary sector organisations have lost income, while demand for their services has increased. A Scottish Council for Voluntary Organisations (SCVO) report found that 57 per cent of surveyed organisations saw increased demand for their services while almost half faced financial issues, as uncertainty over annual funding makes it difficult to plan for the future.[27]

Case study 7

Aberdeenshire Council

Aberdeenshire Council carried out a community impact assessment (CIA) in the summer of 2020. The CIA included an online survey of the local community asking about the impact of the pandemic and the council's response during its early stages. On reporting the findings, the council acknowledged that there was a need for further engagement and feedback from harder-to-reach, more vulnerable groups.

The council then engaged with several groups and individuals most likely to be affected negatively by existing inequalities. The final report, Aberdeenshire Voices on the Pandemic: Same storm, different boats, includes insight from low-income households, care home residents, the recovery community and New Scots and volunteers.

The themes covered in the report include digital exclusion, access to food, home-schooling challenges and impacts on mental wellbeing. Local voices from Aberdeenshire have also been included in the national report If Not Now, When?, published by the Social Renewal Advisory Board in January 2021.

Source: Audit Scotland using information from Aberdeenshire Council

102. Organisations providing support to children and young people, from early years to youth work services, are also facing barriers to delivering their services.[28] A lack of staff capacity, increased demand, and lack of access to premises to deliver services (of those voluntary sector organisations wishing to access local authority premises 65 per cent say they have no access) is affecting delivery of a range of services.

103. A collaborative, place-based approach has been essential in supporting communities during the pandemic and mitigating the harm caused. Voluntary sector organisations have been a vital component of this, and councils and the Scottish Government need to do more to make sure they can continue to deliver services to those that need them.

Councils worked well with their community planning partners in the response phase, but they need clearer plans for the future

104. Councils worked with their partners in planning, sharing data and information, and coordinating the response to the pandemic. Some of this joint working is continuing with community planning partnerships working together to revise their Local Outcomes Improvement Plans to take account of recovery, and this collaborative working should continue.

Case study 8

South Ayrshire Council

South Ayrshire Council worked with partners to provide support to vulnerable communities during the pandemic by creating the Ayrshire Resilience Partnership.

This group included the Ayrshire councils' chief executives, along with representatives from health, police, and fire services. It established close working relationships with business and local voluntary groups to deliver a range of services and support.

Source: Audit Scotland using information from South Ayrshire Council

Meeting local needs: recommendations

Actions for leadership

- While some progress has been made in improving the use of data in decision-making, councils need to have a clear sense of where increased demand and service backlogs exist so that they can identify areas of high risk and direct resources accordingly. This information also needs to be more transparent and publicly available.

- A key priority for councils' recovery and renewal is assessing the impact of the pandemic and service disruption on the most vulnerable and learning from this to inform how they support those most affected and address inequalities. This will need better local data to improve understanding.

- Where councils plan to continue with the changes made to services during the pandemic, they need to conduct impact assessments and consult the community. With the expansion of digital services, councils need to assess and mitigate the impacts of digital exclusion.

- Councils need to ensure that partnership working forged in the pandemic with their communities, partners and the voluntary sector remains in place. They also need to learn what made it work and harness this to transform future engagement. The momentum and energy from communities may be lost if public bodies don't capitalise on what has been achieved.

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